

186994

K. Chad Burgess  
Senior Counsel

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June 29, 2007

**VIA HAND DELIVERY**

The Honorable Charles Terreni  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
100 Executive Center, Suite 100  
Columbia, South Carolina 29210

RE: South Carolina Electric & Gas Company Annual Report  
Docket No. 89-230-E/G

Dear Mr. Terreni:

In accordance with South Carolina Public Service Commission Order No. 92-931 issued in the above-referenced docket, enclosed please find the annual report of South Carolina Electric & Gas Company ("SCE&G") regarding affiliate transactions.

By copy of this letter we are serving a copy of SCE&G's annual report upon the South Carolina Office of Regulatory Staff.

If you have any questions, please advise.

Very truly yours,

K. Chad Burgess

KCB/kms  
Enclosures

cc: Dan F. Arnett  
(via hand delivery w/ enclosures)

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SC PUBLIC SERVICE  
COMMISSION

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 89-230-E/G**

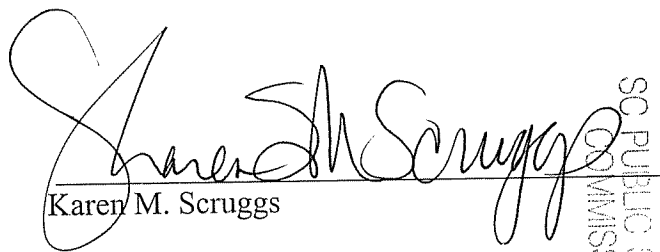
IN RE:

Investigation of Property Transfers from South )  
Carolina Electric & Gas Company, SCANA, other )  
SCANA Affiliates and Non-Affiliated Entities, and )  
Allocation of Expenses, Revenues and Plant )  
Between SCE&G, SCANA, and SCANA Affiliates.)  
\_\_\_\_\_)

**CERTIFICATE OF  
SERVICE**

This is the certify that I have caused to be served this day two (2) copies of South  
Carolina Electric & Gas Company's **Annual Report Regarding Affiliate Transactions**  
via hand delivery to the person named below at the address set forth:

Dan F. Arnett  
Office of Regulatory Staff  
1441 Main Street, Suite 300  
Columbia, SC 29201

  
\_\_\_\_\_  
Karen M. Scruggs

Columbia, South Carolina  
This 29th day of June 2007

SC PUBLIC SERVICE  
COMMISSION

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**PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA  
DOCKET NUMBER 89-230-E/G  
ORDER NUMBER 92-931**

**ANNUAL REPORTING  
REQUIREMENTS**

**For The Year 2006**

## II-B

### FINANCIAL TRANSACTIONS REPORTING REQUIREMENTS

1. File the rate of return earned on rate base, net assets, and common equity for SCE&G and the regulated subsidiaries of SCANA. File the rate of return on net assets and common equity for consolidated SCANA Corporation. This information should be based on the most recent calendar year data.

#### RESPONSE:

##### SCE&G

For Return on Rate Base, see Exhibit A under tabs for Electric Quarterly and Gas Quarterly.

For Return on Common Equity, see Exhibit A under tabs for Electric Quarterly and Gas Quarterly.

For the Return on Assets and Return on Common Equity, see Electric and Gas Quarterlies.

##### SCANA

For 2006, the Return on SCANA's net assets was 3.16%.  
For 2006, the Return on Common Equity for SCANA was 10.91%.

II-B

**FINANCIAL TRANSACTIONS REPORTING REQUIREMENTS**

2. File the dollar amount of the capital structure at the end of the most recent calendar year for consolidated SCANA, SCE&G, and each regulated subsidiary of SCANA Corporation. (Debt, preferred stock, equity, etc., total.)

**RESPONSE:**

See attached information.

**SCANA CORPORATION**  
**Capital Structure**  
**At December 31, 2006**

**Response II-B 2.**  
**(Millions of Dollars)**

	<b>SCANA Consolidated</b>		<b>SCE&amp;G</b>		<b>SC Generating Company</b>	
<b>Debt</b>	3,110	51.23%	1,862	42.00%	159	64.90%
<b>Preferred Stock</b>	114	1.88%	114	2.57%		
<b>Common Equity</b>	2,846	46.89%	2,457	55.43%	86	35.10%
<b>Total</b>	<b>6,070</b>	<b>100.00%</b>	<b>4,433</b>	<b>100.00%</b>	<b>245</b>	<b>100.00%</b>

## II-B

### **FINANCIAL TRANSACTIONS REPORTING REQUIREMENTS**

3. File the consolidated capital structure of the regulated entities of SCANA Corporation and the consolidated capital structure for the non-regulated operations of SCANA Corporation in dollar amounts at the end of the most recent calendar year. (Debt, preferred stock, equity, etc., total.)

#### **RESPONSE:**

See the attached information.

**SCANA Corporation**  
**Capital Structure**  
**At December 31, 2006**  
(Millions of Dollars)

**Response II-B 3.**

	<b>Regulated Subsidiaries</b>		<b>Non-Regulated Subsidiaries</b>	
		<b>%</b>		<b>%</b>
Debt	2,399	42.00%	-	0.00%
Preferred Stock	114	2.00%	-	0.00%
Common Equity	3,198	56.00%	134	100.00%
<b>Total</b>	<b>5,711</b>	<b>100.00%</b>	<b>134</b>	<b>100.00%</b>



II-B

**FINANCIAL TRANSACTIONS REPORTING REQUIREMENTS**

4. File the dollar amount of assets devoted to the regulated, non-regulated, and consolidated operations of SCANA Corporation at the end of the most recent calendar year.

**RESPONSE:**

<b><u>Assets</u></b>	
Regulated	\$9,148,715,959
Non-regulated	<u>\$ 671,869,934</u>
<b>Total</b>	<b><u>\$9,820,585,893</u></b>

See page 27 of FORM 10-K as referenced under the Reports Tab.

## II-B

### FINANCIAL TRANSACTIONS REPORTING REQUIREMENTS

5. Provide an income statement, balance sheet, and cash flow statement reflecting results of operations from each regulated and non-regulated subsidiary and the consolidated SCANA operations based on the most recent calendar year.

#### RESPONSE:

See pages 47-50 of the 2006 FORM 10-K as referenced under the Reports Tab for SCANA's balance sheets, income statements and cash flow statements.

See pages 95-98 for SCE&G's statements.

Cash flow statements for other subsidiaries will be made available upon execution of a confidentiality agreement.

## II-B

### FINANCIAL TRANSACTIONS REPORTING REQUIREMENTS

6. A) File the bond rating, common stock rating, and preferred stock rating of SCANA Corporation, SCE&G, and any other regulated subsidiary of SCANA Corporation at the end of the latest calendar year. File all available ratings and notifications of any change in a security rating within 15 days or as soon as possible. The notification will include the news release or other information for the rating agency setting forth the reason for the change.
- B) File notification of any changes in these ratings during the calendar year.
- C) File explanation for any changes in the security ratings during the prior twelve months.
- D) File immediate notification to the Commission of any changes in security ratings.

### RESPONSE:

- A) First Mortgage Bond Rating by Moody's is A1.  
First Mortgage Bond Rating by Standard & Poor's is A-.

The yield to maturity on the latest bond outstanding, listed in the March 2007 edition of Standard & Poor's Bond Guide as of February 28, 2007 is 5.64% on the 6.25% series due 2036 (Issue date – June 27, 2006).

- B) C) D) SCE&G will provide all available ratings and notifications of any change in a security rating within 15 days or as soon as possible. The notification will include the news release or other information for the rating agency setting forth the reason for the change.

No rating changes occurred for SCANA and its regulated subsidiaries in 2006.

## II-B

### **FINANCIAL TRANSACTIONS REPORTING REQUIREMENTS**

7.
  - A) File notification of any "planned" issuance of common stock, long-term debt, or preferred stock by SCANA Corporation, SCE&G, or any other regulated subsidiary of SCANA Corporation.
  - B) Provide the approximate time of issue and dollar amount of issue.
  - C) File an explanation of the intended use of these funds, non-regulated subsidiary.
  - D) If the funds raised from an issuance were or are to be transferred from one subsidiary to another or from SCANA to a regulated, subsidiary, file information on the mechanism used to transfer these funds and the amount of such transfers.
  - E) File the actual cost of any new issue of debt and preferred stock by SCANA Corporation, SCE&G, or any regulated subsidiary during the calendar year.

### **RESPONSE:**

See attached information.

## **Response II-B 7.**

- A) SCANA plans to issue senior unsecured notes during 2007.

SCE&G plans to issue First Mortgage bonds during 2008-2009.

SCANA plans to refinance medium-term notes maturing in 2008.

- B) SCANA plans to issue up to \$110 million of senior unsecured notes in a private placement during 2007-2009. \$40 million will be issued in December 2007, \$40 million in December 2008, and at least \$10 million, but not to exceed \$30 million, will be issued in June 2009. The notes will mature in 2034. The notes will bear a floating interest rate based on a to be determined spread over three-month LIBOR. It is anticipated that an interest rate swap will be employed to effectively change the floating rate to a fixed rate.

In 2008 and 2009, SCE&G anticipates the issuance of \$500 million in First Mortgage bonds. In 2009, SCE&G plans to refinance \$100 million of First Mortgage bonds maturing in March 2009.

In 2008, SCANA plans to partly refinance (i.e. \$150 million) medium-term notes, of which \$100 million matures in March 2008 and \$115 million matures October 2008.

- C) The senior unsecured notes to be issued by SCANA will be used to finance the costs of construction of the Company's new headquarters facility. The amount of the June 2009 tranche is flexible in order to match the amount of the total issuance under this program to the actual total costs of construction of the headquarters facility.

The remaining capital issuances mentioned above will be used to fund ongoing construction expenditures and refinance existing debt.

- D) The only issuance of debt during 2006 was related to a refinancing of a maturing First & Refunding Mortgage Bond at SCE&G. The proceeds from the re-issuance of the \$125 million of First Mortgage Bonds is retained at SCE&G.

As described above, the proceeds of the notes in the private placement will be dedicated to the financing of the new corporate headquarters facility.

- E) The issuance of \$125 million of First Mortgage bonds by SCE&G during 2006 resulted in net proceeds after underwriters' fees and discounts of \$123,485,000.

## II-B

### FINANCIAL TRANSACTIONS REPORTING REQUIREMENTS

8. A) File the dollar amount of dividends paid out by SCANA Corporation during the most recent calendar year.
- B) File the percent of consolidated SCANA's net income or earnings per share paid out as dividends to stockholders over the calendar year. (Dividends per share/earnings per share or dollar amount of dividends/net income).
- C) File an explanation of the reason for any significant changes in the payout ratio (Dividends per share/earnings per share, etc.) from the previous twelve months. [Significant is defined as more than 10 percent.]

#### RESPONSE:

- A) As reported in FORM 10-K, the amounts of common dividends paid by SCANA Corporation in the calendar year 2006 was \$198,000,000.
- B)
- |                       |               |
|-----------------------|---------------|
| Dividends Paid – 2006 | \$198,000,000 |
| Net Income – 2006     | \$310,000,000 |
- % of Net Income Paid Out as Dividends – 2006, 63.87%
- C) N/A

## II-B

### **FINANCIAL TRANSACTIONS REPORTING REQUIREMENTS**

9.    A)    File the dollar amount of dividends paid to SCANA Corporation by SCE&G and each regulated subsidiary for each calendar year. File the total amount of dividends paid by all subsidiaries to SCANA.
- B)    File the percent of net income paid by SCE&G and each regulated subsidiary to SCANA Corporation.
- C)    File an explanation of the reason for any significant change in the payout ratios (dividends/net income) from the previous calendar year. [Significant is defined as more than 10 percent.]
- D)    File an explanation of any significant difference in the payout ratios of the regulated subsidiaries. [Significant is defined as more than 10 percent.]

#### **RESPONSE:**

See attached information.

**DIVIDENDS PAID**  
with  
**Percent of Subsidiary Net Income**  
**Response II-B 9.**

A) & B)						Total Regulated and Nonregulated Dividends
	SCE&G	GENCO	SCPC/ CGTC	SCG	Public Service Co. of NC	
(Thousands of Dollars)						
1997	162,600 83.5%	3,400 73.4%	16,150 89.0%			182,150 223,200
1998	167,300 73.6%	3,200 57.3%	17,100 105.1%			187,600 196,360
1999	122,400 64.7%	3,300 59.0%	9,500 93.3%			135,200 137,250
2000	147,000 58.0%	3,400 46.8%	9,400 63.2%		19,000 68.4%	178,800 221,300
2001	155,250 70.0%	3,600 65.8%	5,300 66.5%		14,800 100.3%	178,950 179,550
2002	153,000 69.7%	3,700 69.6%	4,750 133.3%		20,000 *	181,450 197,350
2003	144,750 65.7%	6,750 84.4%	5,500 83.0%		14,750 47.7%	171,750 203,250
2004	142,000 61.1%	3,500 34.1%	7,500 76.0%	1,000 0.0%	14,000 60.0%	168,000 172,000
2005	148,000 57.35%	4,000 72.37%	7,500 75.47%	750 29.51%	14,000 54.48%	174,250 312,750
2006	134,468 57.32%	4,111 60.71%	35,250 43.88%	500 21.11%	15,311 58.87%	189,640 201,440

C) The amount of dividends to be paid to SCANA by each regulated subsidiary is based on the subsidiary's earnings, cash position, short and long-term debt balances, construction requirements, etc. Accordingly, variations between subsidiaries and from year to year will occur.

D) Variance for GENCO is due to the fact that dividends declared as a percentage of net income decreased in 2006 compared to 2005 because of an increase in net income. This increase was primarily a result of higher interest income. Higher interest income was due to GENCO's money pool investments as well as interest income from IRS as a result of amended tax returns.

Variance for CGCT/SCPC's dividends are primarily due to the merger and change in the business model to a transportation only interstate pipeline company.

\* PSNC's net income was negative in 2002 as the result of the cumulative effect of an accounting change associated with the adoption of SFAS 142 and the consequent write-down of the acquisition adjustment related to its merger with SCANA.



### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

1.    A)    File a record of any transfer of funds from/to SCANA Corporation and any subsidiary of SCANA Corporation during the previous calendar year.
- B)    File a description of the type of transfer.
- C)    File the terms of the transfer.
- D)    File a comparison of the terms of the transfer with current market terms and rates.

#### **RESPONSE:**

- A)    During the previous calendar year, SCANA Corporation transferred funds to SCE&G. SCANA Corporation did not advance funds to Public Service Company of NC or GENCO. Any transfer of funds between SCANA Corporation and SCPC/CGTC as well as SCG will be reported to the Commission by SCPC/CGTC.
- B)-D) Any details of transfers with SCPC/CGTC and SCG will be filed by CGTC.

See attached for details of transfers with SCE&G.

**South Carolina Electric & Gas Company**  
**Transfer of Funds**  
**For The Year 2006**  
**Response III-B 1 A) & B)**

SCANA Advances - SCE&G					
MONTH	BEGINNING BALANCE	ADVANCE	REMITTANCE	ENDING BALANCE	INTEREST RATE
January	-	10,000,000	(10,000,000)	-	4.28%
February	-				
March	-				
April	-				
May	-				
June	-				
July	-				
August	-				
September		75,000,000		75,000,000	5.27%
October	75,000,000			75,000,000	5.26%
November	75,000,000			75,000,000	5.26%
December	75,000,000			75,000,000	5.27%

### III-B

#### AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS

2. File a record of any real property transfers between SCE&G and SCANA, SCE&G and any of SCANA's regulated subsidiaries, or SCE&G and any other party for the past calendar year which includes:
  - a. Market value and how the market value was determined.
  - b. Book value at time of transfer.
  - c. Original purchase price.
  - d. Selling price and terms of sale.
  - e. Gain or loss on transfer.
  - f. Identification of land or property transferred.
  - g. Parties involved in the transfer.
  - h. Number of bids received.

This is applicable for all regulated subsidiaries of SCANA.

#### RESPONSE:

See attached schedule for real property transfers in 2006.

South Carolina  
Transfers Of Real Property To Other Parties  
For The Year 2006

Response: III-B 2.

Response: III-B 2.									
a.		b. & c.		d.	e.		f.	g.	h.
Market Value (\$)	Market Value Determination	Book Value & Original Purchase Price		Selling Price	Terms of Sale	Gain (Loss)	Identification	Parties Involved	No. of Bids Rec
\$ 6,500	Market Analysis	\$ 1		\$ 6,500	Cash	\$ 6,499	0.013 acres John J. Shull Tract - Opt. 7 Lexington County	Florence K. Peer Survey Error Correction	N/A
\$ 25,100	Market Analysis	31		25,100	Cash	25,069	0.27 acres D. C. Fulmer Tract - Opt. 700 Lexington County	Gary H. Sansbury, II and Nicole D. Sansbury	N/A
\$ 23,065	SCDOT Appraisal	4,074		23,065	Cash	18,991	0.167 acres Greengate Substation-Rabon Rd Richland County	SC Department of Transportation Road Widening 550695	N/A
\$ 130,000	Market Analysis	205		130,000	Cash	129,795	1.98 acres Mike D. Derrick Tract Opt. 725 Newberry County	Glen E. Whitesides Fringeland	N/A
\$ 32,000	N/A	405		-	Donation	0	0.08 acres - Lexington County J.B. Hyler Tr/Walter C. Harmon & Josephine Harmon Montuieri Tract. Opt. 955	City of Columbia Utility Deed & Easement	N/A
\$ 30,000	Market Analysis	49		30,000	Cash	29,951	0.47 acres Mike D. Derrick Tract, Opt. 725 Newberry County	James H. McCormick, Jr. LM Fringeland	N/A
\$ 400,000	Market Analysis	4,887		400,000	Cash	395,113	0.81 acres - Lexington County J.B. Hyler Tr/Walter C. Harmon & Josephine Harmon Montuieri Tract, Opt. 955	Eugene K. Musselman Regatta Phase II - Lot 2	0
\$ 400,000	Market Analysis	5,074		400,000	Cash	394,926	0.79 acres - Lexington County J.B. Hyler Tr/Walter C. Harmon & Josephine Harmon Montuieri Tract, Opt. 955	Susan S & John J Gannon, Jr Regatta Phase II - Lot 1	0
\$ 400,000	Market Analysis	3,260		400,000	Cash	396,740	0.57 acres - Lexington County J.B. Hyler Tr/Walter C. Harmon & Josephine Harmon Montuieri Tract, Opt. 955	Wendy D & Terry K Schmoyer Regatta Phase II - Lot 3	0
\$ 25,000	Market Analysis	34		25,000	Cash	24,966	0.230/causeway & 0.180/encroachment C K Derrick Tr. Opt. 860 & G O Derrick Tr. Opt. Lexington County	Robert E. Bell, Jr LM Earth Fill Encroachment & Causeway	N/A
\$ 70,000	Market Analysis	63		70,000	Cash	69,937	0.49 acres Jane A. Wise Tract, Opt. 761 Newberry County	Thad H. Riley LM Fringeland	N/A
\$ 14,000	SCDOT Appraisal	14,471		14,000	Cash	(471)	0.16 acres Portion of Platt Springs Rd Substation Lexington County	SC Department of Transportation Road Right-of-Way	N/A
\$ 1,532,000	Market Analysis	29,322		1,532,000	Cash	1,502,678	42.80 acres Geddings Crawford Tract-Lake Monticello Fairfield County	John D. Harrison, Jr	20
\$ 230,400	Market Analysis	467		230,400	Cash	229,933	4.88 acres John F. Willard Tract, Opt. 788 Newberry County & Lexington County	Michael D. Hawkins, Jerri Lynn Shealy and Brent A. Richardson	0
\$ 360,500	Appraisal (Land) (Building)	9,784 323,691		190,000	Cash Bargain Sale	180,216	2.50 acres	City of Aiken - Adjacent Property Owner	0

### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

3. File a record of goods and services sold or exchanged between SCE&G and SCANA or any subsidiary of SCANA during the past calendar year. Compare the current market prices for such goods and services with the prices for which goods and services were exchanged or sold between SCE&G and SCANA or any subsidiary of SCANA.

#### **RESPONSE:**

All services provided to SCE&G by SCANA Services, Inc. are included in annual service agreements executed and on file.

See attached information.

## Answer III-B 3.

Direct Charges from Service Company to SCE&G

Resource	Amount
100 - Labor	6,846,352
190 - PBT	4,457,669
200 - Materials and Supplies	1,178,794
300 - Transportation	481,872
400 - General Business Expense	11,815,027
500 - Outside Services	11,968,119
600 - Company Services	11,165,756
700 - Land and Land Rights	2,506,650
900 - Accounting Overheads	(887,406)
<b>Total</b>	<b>49,532,833</b>

Allocated Charges from Service Company to SCE&G

Resource	Amount
100 - Labor	30,319,088
190 - PBT	10,403,798
200 - Materials and Supplies	1,971,666
300 - Transportation	1,053,229
400 - General Business Expense	16,416,177
500 - Outside Services	15,539,205
600 - Company Services	36,215,935
900 - Accounting Overheads	(17,651)
<b>Total</b>	<b>111,901,447</b>

SCE&G Billings to Service Company for Use of Assets

<b>Total</b>	<b>8,302,611</b>
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**Answer III-B 3.****Allocated Charges from Service Company to GENCO**

Resource	Amount
100 - Labor	431,168
190 - PBT	148,535
200 - Materials and Supplies	11,937
300 - Transportation	14,084
400 - General Business Expense	248,041
500 - Outside Services	178,317
600 - Company Services	317,231
900 - Accounting Overheads	364,445
<b>Total</b>	<b>1,713,757</b>

**Direct Charges from Service Company to GENCO**

Resource	Amount
100 - Labor	89,551
190 - PBT	50,658
200 - Materials and Supplies	57
300 - Transportation	5,405
400 - General Business Expense	380,012
500 - Outside Services	269,192
600 - Company Services	36,952
900 - Accounting Overheads	(282,439)
<b>Total</b>	<b>549,387</b>

**Direct Charges from Service Company to SCFC**

Resource	Amount
100 - Labor	11,883
190 - PBT	4,038
300 - Transportation	479
400 - General Business Expense	346
500 - Outside Services	90,823
900 - Accounting Overheads	15,583
<b>Total</b>	<b>123,151</b>

## Answer III-B 3.

SCE&G Billings to Affiliates

Affiliate	Amount	Description
Carolina Gas Transmission Corporation	69,602	Labor and associated benefits, miscellaneous nonlabor expenses
- Includes all transactions with SC Pipeline Corporation and SCG Corporation prior to 11/1/06 merger of those entities to form CGTC		
Primesouth	177	Labor and associated benefits, miscellaneous nonlabor expenses
Public Service Company of NC	107,469	Labor and associated benefits, miscellaneous nonlabor expenses
SCANA Communications	121,306	Labor and associated benefits
SCANA Energy Marketing	12,559	Miscellaneous nonlabor expenses
ServiceCare	118	Labor and associated benefits
Total	311,231	

Billings To SCE&G from Affiliates

Affiliate	Amount	Description
Carolina Gas Transmission Corporation	17,469,041	LNG Assets and CWIP
- Includes all transactions with SC Pipeline Corporation and SCG Corporation prior to 11/1/06 merger of those entities to form CGTC	17,241,762	LNG Inventory transferred with LNG Assets
	40,304,894	Upstream Inventory transferred to SCE&G upon formation of CGTC
	312,245,543	Purchase of natural gas for resale
	558,863	Purchase of natural gas for electric generation
	16,425,886	Hedging Activity on behalf of SCE&G transferred to SCE&G upon formation of CGTC
	273,854	Summerville line damage billed to SCE&G
	936,921	Various other gas related construction projects and O&M
	405,456,764	
SC Generating Company	154,469,851	Power purchased pursuant to a FERC approved unit power sales agreement
SCANA Energy Marketing	104,495,057	Sale of gas commodity to Jasper Plant
	15,690,095	Sale of capacity to Jasper Plant
	120,185,152	
SC Development Corporation	155,261	Rent, taxes, & insurance paid in 2006 for portion of Carolina Research Park occupied by SCE&G
Primesouth	1,737,723	Operation and Maintenance of the Savannah River Site generation facility



### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

4.    A)    File information on the methodologies used for the allocation of costs between SCANA and its subsidiaries.
- B)    File those allocation factors.

#### **RESPONSE:**

- A)    During 2000, SCANA Corporation became a registered holding company subject to the provisions of the Public Utility Holding Company Act of 1935 (PUHCA). PUHCA required that SCANA cease to perform services on behalf of its subsidiaries. Instead, SCANA was required to form a service company to perform such services, the cost of which must be directly charged to the operating subsidiaries or allocated thereto using approved methods. Accordingly, SCANA filed service company allocation procedures with the Securities Exchange Commission.
- B)    See attached.

**SCANA Corporation**  
**Overhead Allocation Rates**  
**2006**

<u>Company Name</u>	<u>Margin Revenue Ratio</u>	<u>Number of Customers</u>	<u>Number of Employees</u>	<u>Three Factor Formula</u>	<u>Modified Three Factor</u>	<u>Gas Sales Ratio</u>
South Carolina Electric & Gas Company	76.69%	32.79%	62.80%	60.93%	60.48%	
Electric	5.67%	15.58%	9.00%	4.89%	4.86%	30.58%
Gas						
Carolina Gas Transmission Company*			2.30%	5.90%	5.78%	
South Carolina Generating Company, Inc.			1.97%	2.87%	2.84%	
SCANA Communications, Inc.			0.21%	0.37%	0.37%	
Primesouth, Inc.			3.62%	1.65%	1.64%	
SCANA Energy Marketing, Inc.	7.82%	25.46%	1.27%	10.90%	10.61%	45.96%
Public Service of North Carolina, Inc.	9.82%	22.70%	18.08%	12.27%	12.15%	23.46%
ServiceCare, Inc.		3.47%	0.75%	0.22%	0.21%	
SCANA Holding					1.06%	
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

\*Before the South Carolina Pipeline/SCG Pipeline merger, the rates were as follows:

<u>Company Name</u>	<u>Margin Revenue Ratio</u>	<u>Number of Customers</u>	<u>Number of Employees</u>	<u>Three Factor Formula</u>	<u>Modified Three Factor</u>	<u>Gas Sales Ratio</u>
South Carolina Pipeline Corporation				5.69%	5.57%	30.58%
SCG Pipeline				0.21%	0.21%	

## EXHIBIT I

### Description of Services, Cost Accumulation, Assignment and Allocation Methodologies for

#### SCANA Services, Inc.

This document sets forth the methodologies used to accumulate the costs of services performed by SCANA Services, Inc. ("SCANA Services") and to assign or allocate such costs to other subsidiaries and business units within SCANA Corporation ("Client Entities").

#### Cost of Services Performed

SCANA Services maintains an accounting system that enables costs to be identified by Cost Center, Account Number or Project, Activity, Resource, and Event ("Account Codes"). The primary inputs to the accounting system are time records of hours worked by SCANA Services employees, accounts payable transactions and journal entries. Charges for labor are made at the employees' effective hourly rate, including the cost of pensions, other employee benefits and payroll taxes. To the extent practicable, costs of services are directly assigned to the applicable Account Codes. The full cost of providing services also includes certain indirect costs, e.g., departmental overheads, administrative and general costs, and taxes. Indirect costs are associated with the services performed in proportion to the directly assigned costs of the services or other relevant cost allocators.

#### Cost Assignment and Allocation

SCANA Services costs will be directly assigned, distributed or allocated to Client Entities in the manner prescribed below.

1. Costs accumulated in Account Codes for services specifically performed for a single Client Entity will be directly assigned or charged to such Client Entity.
2. Costs accumulated in Account Codes for services specifically performed for two or more Client Entities will be distributed among and charged to such Client Entities using methods determined on a case-by-case basis consistent with the nature of the work performed and based on one of the allocation methods described below.
3. Costs accumulated in Account Codes for services of a general nature which are applicable to all Client Entities or to a class or classes of Client Entities will be allocated among and charged to such Client Entities by application of one or more of the allocation methods described below.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) 12/31/2006	Year of Report 2006
SCANA Services, Inc.			
Methods of Allocation			

1. List the currently effective methods of allocation being used by the service company.

#### Allocation Methods

The following methods will be applied to allocate costs for services of a general nature.

1. Information Systems Charge-back Rates – Rates for services, including but not limited to Software, Consulting, Mainframe, Midtier and Network Connectivity Services, are based on the costs of labor, materials and Information Services overheads related to the provision of each service. Such rates are applied based on the specific equipment employed and the measured usage of services by Client Entities. These rates will be determined annually based on actual experience and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.
2. Margin Revenue Ratio – "Margin" is equal to the excess of sales revenues over the applicable cost of sales, i.e., cost of fuel for generation and gas for resale. The numerator is equal to margin revenues for a specific Client Entity and the denominator is equal to the combined margin revenues of all the applicable Client Entities. This ratio will be evaluated annually based on actual results of operations and may be adjusted for any known and reasonably quantifiable events, or at such time, based on results of operations for a subsequent twelve-month period, as may be required due to significant changes.
3. Number of Customers Ratio – A ratio based on the number of customers served by each subsidiary or operating unit. This ratio will be determined annually based on the actual number of customers and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.
4. Number of Employees Ratio – A ratio based on the number of employees benefiting from the performance of a service. This ratio will be determined annually based on actual counts of applicable employees and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.
5. Three-Factor Formula – This formula will be determined annually based on the average of gross property, payroll charges (salaries and wages, including overtime, shift premium and holiday pay, but not including pension, benefit and company-paid payroll taxes) and gross revenues and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.
6. Modified Three-Factor Method – a ratio for the allocation of non-directly assigned corporate governance costs. The Modified Three-Factor Method provides for an allocation of cost to the parent company; the Three-Factor Method does not. The formula will be determined annually based on the average of gross property, payroll charges (salaries and wages, including overtime, shift premium and holiday pay, but not including pension, benefit and company paid payroll taxes) and gross revenues. For the purpose of the Modified Three-Factor Method, the dividends resulting from operations of the subsidiaries are used as a proxy for revenues for the parent company.
7. Telecommunications Charge-back Rates – Rates for use of telecommunications services other than those encompassed by Information Systems Charge-back Rates are based on the costs of labor, materials, outside services and Telecommunications overheads. Such rates are applied based on the specific equipment employment and the measured usage of services by Client Entities. These rates will be determined annually based on actual experience and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.
8. Gas Sales Ratio – A ratio based on the actual number of dekatherms of natural gas sold by the applicable gas distribution or marketing operations. This ratio will be determined annually based on actual results of operations and may be adjusted for any known and reasonably quantifiable events, or at such time, based on results of operations for a subsequent twelve-month period, as may be required due to significant changes.

## Description of Services

A description of each of the services performed by SCANA Services, which may be modified from time to time, is presented below. As discussed above, where identifiable, costs will be directly assigned or distributed to Client Entities. For costs accumulated in Account Codes which are for services of a general nature that cannot be directly assigned or distributed, the method or methods of allocation are also set forth. Substitution or changes may be made in the methods of allocation hereinafter specified, as may be appropriate, and will be provided to state regulatory agencies and to each affected Client Entity and, on or prior to February 8, 2006, appropriate notice (through 60-day letter or otherwise) will be given to the SEC.

1. Information Systems Services – Provides electronic data processing services. Costs of a general nature are allocated using the Information Systems Charge-back Rates.
2. Customer Services – Provides billing, mailing, remittance processing, call center and customer communication services for electric and gas customers. Costs of a general nature are allocated using the Margin Revenue Ratio.
3. Marketing and Sales – Establishes strategies, provides oversight for marketing, sales and branding of utility and related services and conducts marketing and sales programs. Costs of a general nature are allocated using the Number of Customers Ratio.
4. Employee Services – Includes Human Resources which establishes and administers policies and oversees compliance with regulations in the areas of employment, compensation and benefits, processes payroll and administers corporate training. Also includes employee communications, facilities management and mail services. Costs of a general nature are allocated using the Number of Employees Ratio or the Modified Three-Factor Method as appropriate.
5. Corporate Compliance – Oversees compliance with all laws, regulations and policies applicable to all of SCANA Corporation's businesses and directs compliance training. Costs of general nature are allocated using the Modified Three-Factor Method.
6. Purchasing – Provides procurement services. Costs of a general nature are allocated using the Three-Factor Formula.
7. Financial Services – Provides treasury, accounting, tax, financial planning, rate and auditing services. Costs of a general nature are allocated using the Three-Factor Formula or the Modified Three-Factor Method as appropriate.
8. Risk Management – Provides services related to the identification and mitigation of risk, and the development and implementation of risk management strategy. Encompasses credit and collections, risk analyses, insurance, claims, security, environmental and safety services. Costs of a general nature are allocated using the Three Factor Method or the Modified Three-Factor Method as appropriate.
9. Public Affairs – Maintains relationships with government policy makers, conducts lobbying activities and provides community relations functions. Costs of a general nature are allocated using the Three-Factor Formula or the Modified Three-Factor Method as appropriate.
10. Legal Services – Provides various legal services and general legal oversight; handles claims. Costs of a general nature are allocated using the Modified Three-Factor Formula.
11. Investor Relations – Maintains relationships with the financial community and provides shareholder services. Costs of a general nature are allocated using the Modified Three-Factor Formula.
12. Telecommunications – Provides telecommunications services, primarily the use of telephone equipment. Costs are allocated using the Telecommunications Charge-back Rates.

13. Gas Supply and Capacity Management – Provides gas supply and capacity management services. Costs of a general nature are allocated using the Gas Sales Ratio.

14. Strategic Planning – Develops corporate strategies and business plans. Costs of a general nature are allocated using the Modified Three-Factor Formula.

15. Executive – Provides executive and general administrative services. Costs of a general nature are allocated using the Modified Three-Factor Formula.

### III-B

#### AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS

5.
  - A) File a record of any type of collateral belonging to SCE&G used to support any financial arrangement on behalf of any subsidiary of SCANA.
  - B) File information on the type of financial arrangement involved.
  - C) File a description of the collateral pledged in support of the financing arrangement.
  - D) File the reason for pledging any assets as collateral for an affiliate.

#### RESPONSE:

There is no collateral of SCE&G that supports financial arrangements of any other subsidiary of SCANA.

### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

6. File the percent of time of each officer of SCE&G and the regulated subsidiaries of SCANA Corporation allocated to each subsidiary of SCANA for the prior calendar year.

#### **RESPONSE:**

See attached information.



# **SOUTH CAROLINA ELECTRIC & GAS COMPANY**

2006 Officer Salary Allocation

Response: III-B 6.

	SCE&G	CGTC	SCG	GENCO	SC Fuel Co.	SCANA HOLDING CO.	PSNC	SCANA Communic.	Prime-South	SCANA Energy Marketing	Service-Care	TOTAL
	%	%	%	%	%	%	%	%	%	%	%	%
<b>Officers</b>												
Addison, Jimmy E.	62.8	5.65	0.18	2.37		3.31	12.59	0.62	2.07	10.10	0.31	100.00
Archie, Jeffrey E.	100.00											100.00
Bouknight, Joseph	65.34	5.57	0.21	2.84		1.06	12.15	0.37	1.64	10.61	0.21	100.00
Burch, Sarena D.	55.47	10.40	0.11	1.45			12.01	0.19	0.83	19.44	0.10	100.00
Byrne, Stephen A.	100.00											100.00
Cannon, Mark R.	64.99	5.08	0.17	2.27		0.98	11.34	0.30	2.42	12.28	0.17	100.00
Jenkins, Sharon K.	67.47	2.33	0.09	1.19		2.60	9.37	0.16	0.69	16.02	0.08	100.00
Kirven, Cathy Y.	56.20	2.36	0.09	1.57	3.61	3.52	17.00	0.15	0.67	14.74	0.09	100.00
Kissam, Keller W.	100.00											100.00
Landreth, James E.	89.28			10.72								100.00
Lorick, Neville O.	96.18	0.64	0.02	0.32			1.37	0.04	0.18	1.22	0.03	100.00
Marsh, Kevin B.	89.42	1.33	0.04	0.85		1.53	2.42	0.08	1.30	2.91	0.12	100.00
McFadden, Charles B.	66.41	5.38	0.20	2.74		1.13	11.74	0.36	1.58	10.25	0.21	100.00
Mood, Francis P. Jr.	49.86	10.39	0.08	1.10		0.97	12.31	0.26	0.63	24.31	0.09	100.00
Phalen, Martin K.	100.00											100.00
Senn, Randal M.	65.82	5.69	0.21	2.87			12.27	0.37	1.65	10.90	0.22	100.00
Swan IV, James E.	62.10	5.20	0.26	2.25		0.84	14.30	0.70	2.09	11.81	0.45	100.00
Timmerman, William B.	65.34	5.57	0.21	2.84		1.06	12.15	0.37	1.64	10.61	0.21	100.00
White, Charles A.	93.73	0.85	5.42									100.00
Williams, Lynn M.	65.35	5.53	0.21	2.82		1.05	12.30	0.37	1.63	10.54	0.20	100.00

### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

7. SCE&G or any regulated subsidiary of SCANA Corporation will file a summary of affiliated transactions by each regulated affiliate by type of transaction completed during the year. The summary will include the gross dollar amount of each transaction and a reference to any relevant contract or agreement.

#### **RESPONSE:**

See Response to III-B 3.

### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

8. SCE&G will file a statement certifying that all affiliated transactions were determined consistent with any procedures approved by the Commission within this proceeding.

#### **RESPONSE:**

See attached Statement of Certification.

STATE OF SOUTH CAROLINA )

)

CERTIFICATION

COUNTY OF RICHLAND )

I, K. Chad Burgess, on behalf of SCANA Corporation, certify that I have reviewed the sections of this annual report concerning affiliated transactions and hereby certify that they are consistent with Commission procedures developed in Docket No. 89-230-E/G, Order No. 92-931.



K. Chad Burgess

June 29, 2007

Date

### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

9. A) SCE&G and any regulated subsidiary of SCANA will file information on any new contracts and leases with affiliated companies and a brief description of each contract including the terms, price, quantity, and duration.
- B) File information as to whether competitive bids were taken.

#### **RESPONSE:**

- A) SCE&G entered into an agreement with SCANA Communications to lease grounds for construction of a telecommunications tower site at Red House Road, Edisto Island, SC. Effective date is April 1, 2006. Initial term is for 5 years, then four 5-year terms through March 31, 2031. Rent is \$3,600/year for the initial term with a 15% escalation for each 5-year renewal term.

SCE&G entered into a service agreement with SCANA Services, Inc. to provide administrative, management and personnel services (such as accountants, attorneys and other qualified professionals). The effective date is January 1, 2006. All services under this contract are provided at cost.

- B) No competitive bids were taken.

### III-B

#### AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS

10. SCE&G and any regulated subsidiary of SCANA Corporation will file a list of employees earning more than \$50,000 annually transferred to/from the regulated subsidiary to another affiliated company. The listing will contain the following information for each affected employee:
  - a. old job assignment with the regulated subsidiary
  - b. new job assignment at the affiliate
  - c. whether transfer is permanent or temporary; and if temporary, the expected duration.

#### RESPONSE:

See attached information.

**RESPONSE III-B 10.**

Employee Name	a. Old Job Assignment	b. New Job Assignment	c. Perm/Temp
Dziengielewski, Alexander	Supervisor - Training SCANA Services	Supervisor - Training SCANA Energy Marketing	Permanent
Dziengielewski, Alexander	Supervisor - Training SCANA Energy Marketing	Supervisor - Training SCANA Services	Permanent
Smythe, Alison Wall	Sr. Analyst SCANA Energy Marketing	Sr. Analyst SCANA Services	Permanent

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### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

11. SCE&G and the regulated subsidiaries of SCANA Corporation will be required to keep supporting records of reported transactions to facilitate auditing and analysis and shall maintain an audit trail from the summary report through the general ledger to the source documents supporting the transaction.

#### **RESPONSE:**

SCE&G maintains supporting records of transactions that provide for an audit trail.



### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

12. SCE&G and the regulated subsidiaries of SCANA Corporation will maintain for Commission review (not to be filed annually) written reports of individual affiliated transactions.

#### **RESPONSE:**

SCE&G maintains sufficient documentation for Commission review of individual affiliated transactions.

### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

13. SCE&G will develop and file with the Commission a policy statement prohibiting affiliate preferences in the conduct of its affiliated transactions. The Company will modify its policy statement as necessary and file the modified policy statement with the Commission.

#### **RESPONSE:**

The Company intends to continue to ensure that its affiliated transactions are undertaken in accordance with S.C. Code Ann., §58-27-2090 (1976), as amended. SCANA Corporation has issued the attached Policy Statement applicable to all subsidiaries, including SCE&G, that prohibits affiliate preferences in the conduct of intercompany transactions.

**POLICY STATEMENT ISSUED PURSUANT TO  
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA ORDER NO. 92-931**

SCANA is an energy-based holding company whose subsidiaries operate regulated electric and natural gas utility businesses; telecommunications; and energy marketing, power plant management and maintenance services, and other energy-related products and services. It is essential that the employees of each subsidiary understand the direction of the holding company as well as the specific mission of their subsidiary. All SCANA subsidiaries collectively benefit from each one achieving success individually. Because some of the subsidiaries are subject to economic regulation and some are not, it is very important that the business relationships between them not only "be right," they must "look right." To that end, the following policy statement provides a framework for those relationships in order to maintain the integrity of the employees and organizations under the SCANA umbrella. This policy is issued in accordance with Order No. 92-931 of the Public Service Commission of South Carolina. It supersedes and replaces any previous such policy statement regarding the business relationships among subsidiaries.

All subsidiaries will conduct business in a manner that complies with Public Service Commission Order No. 92-931 and § 58-27-2090 of the South Carolina Code of Laws. The order and the statute contain requirements for transactions between regulated utilities and their affiliated companies.

Each subsidiary has its own capital structure and lines of credit. Business or financial risk associated with the creation or operation of non-regulated SCANA subsidiaries will not be borne by the customers of a regulated subsidiary.

All transactions between the regulated and the non-regulated subsidiaries must be conducted at "arms length." Charges for goods or services exchanged between any regulated subsidiary and SCANA or between any regulated subsidiary and another subsidiary must be reasonable, fair, and have no injurious effect on the public interest.

Sales of utility property or the reclassification of utility property to non-utility property must follow the notice and reporting requirements that are specified in Public Service Commission Order No. 92-931.

Each subsidiary's benefit and compensation program as well as its policies and procedures must be tailored to the particular business focus and situation of that subsidiary.

No regulated subsidiary will disclose customer proprietary information to any other subsidiary. Customer proprietary information means any information that if released could cause the customer competitive injury.

The ultimate goal for each subsidiary is to create value for the shareholders of SCANA Corporation. The role of the holding company is to assure that the collective efforts of all the subsidiaries remain focused on increasing long-term shareholder value.

### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

14. A) SCANA Corporation, SCE&G, and any other regulated subsidiaries of SCANA will file the names of any of their affiliated companies and a description of the business and financial operations of each company.
- B) For any new subsidiary also file the initial amount of the investment and the source of funds for the investment.
- C) The Commission will be notified of the creation of any new corporate subsidiary or business entity of SCANA Corporation or any of its public utility subsidiaries within twenty (20) days of either the filing of Articles of Incorporation or the final action creating the business entity.
- D) File an organizational chart for consolidated SCANA Corporation and each regulated subsidiary.
- E) File information on any changes in corporate structure during the prior calendar year including any partnerships, minority interests, and joint ventures entered into by SCANA Corporation or any of its affiliated companies. This includes any such arrangements between SCANA or any of its affiliates with an external entity.

#### **RESPONSE:**

The corporate organization of SCANA Corporation is described on page 5 of the SCANA Form 10-K. Identifications of the Directors and Officers of SCANA Corporation are provided on pages 125-128 of the SCANA Form 10-K as referenced under the Reports Tab.

The Commission will be notified of the creation of any new corporate subsidiary or business entity of SCANA Corporation or any of its public utility subsidiaries within twenty (20) days of either the filing of Articles of Incorporation or the final action creating the business entity.

### III-B

#### **AFFILIATE TRANSACTIONS REPORTING REQUIREMENTS**

15. SCE&G will notify the Commission when it has retained the services of another contractor/company to perform services for the Company and the retained contractor/company thereafter utilizes the services of SCANA Corporation or any of its subsidiaries. The notification will be filed within thirty (30) days of the execution of the subcontract or other arrangement and will contain a summary of the arrangement, the name of the contractor/company providing the services, a statement whether the services were competitively bid, the procedure used by the contractor/company to retain SCANA Corporation or any of its subsidiaries, the type of services being provided by SCANA Corporation and any of its subsidiaries, and the manner in which these arrangements impact the regulated operations of SCE&G.

#### **RESPONSE:**

The Commission will be notified within thirty (30) days of the execution of a subcontract or other arrangement with another contractor/company to perform services for the Company and the retained contractor/company thereafter utilizes the services of SCANA Corporation or any of its subsidiaries.

## IV-B

### PROPERTY TRANSACTIONS REPORTING REQUIREMENTS

1. On any occasion that SCE&G or any other regulated subsidiary of SCANA Corporation accepts anything other than the highest bid for real property, that company must provide adequate justification to the Commission.

SCE&G will file with the Commission the following:

- a. A copy of the notification of sale required by FERC for sales of real property less than five acres.
- b. For sales of real property with an appraisal in excess of \$50,000 and the Company accepts a bid other than the highest bid, the Company will provide an explanation as to why it accepted an offer other than the highest bid.
- c. Any proposed partitioning before a tract of land is sub-divided into parcels having a market value of less than \$150,000.

#### RESPONSE:

The procedure as stated in the 1992 Annual Reporting Requirements is being followed.

## IV-B

### PROPERTY TRANSACTIONS REPORTING REQUIREMENTS

2.
  - A) On any occasion when real property is moved from a classification as utility property to a classification as non-utility property, SCE&G and any regulated subsidiary of SCANA Corporation must provide notification of such a transaction to the Commission. This notification will be included in the annual summary of the reclassification of utility property to non-utility property.
  - B) Prior notification will be provided for any transaction in excess of \$500,000, and an annual summary of the reclassification of utility property to non-utility property will be filed with the Commission. The transaction that moves the property from utility to non-utility will be made at book value. SCE&G will include an explanation of the reason for the transfer, if known.

### RESPONSE:

- A) During 2006, no real property classified as utility property was moved to non-utility property.
- B) During 2006, no utility property in excess of \$500,000 was reclassified as non-utility property.

**V-B**

**PROPRIETARY CUSTOMER INFORMATION REPORTING REQUIREMENTS**

1. SCE&G will file a copy of the procedures that were established to comply with the recommendation that the regulated utility will not disclose proprietary customer information without the consent of the customer.

**RESPONSE:**

See attached pages of SCANA's 2006 Code of Conduct & Ethics.



## Environment

The environment is a resource that we have a duty to protect. SCANA's goal is to respect and protect the environment in all phases of our operations. The Company is committed to full compliance with laws governing the environment. Federal, state and local environmental laws protect natural resources and regulate the emission of pollutants and the handling and disposal of wastes. Under various laws, spills or discharges of certain products or hazardous substances exceeding defined reportable quantities must be reported immediately to the National Response Center as well as designated local agencies. Each company facility has a communication procedure for this notification. Any such spills or discharges must be reported immediately to the facility management in order to comply with these procedures.

Do not assume you can clean up a spill or discharge. SCANA employs trained environmental experts to handle these situations. These environmental experts will know how to clean up and whether any reporting to regulatory agencies is required.

The Company is further committed to the proper permitting and handling of all materials stored, distributed, processed, manufactured, produced, handled, installed or otherwise utilized in its activities as required by all applicable environmental, health and safety laws.

Any questions or actual or suspected violations should be reported to the chain of command, the Environmental Services Department, the Corporate Compliance Office or the confidential Compliance Helpline at 1-888-97-SCANA. (See contact list on page 14.)

## Company Property and Information

You are expected to protect the Company's assets and ensure their efficient use. Company assets should be used for legitimate business purposes. Company assets include information, technology, intellectual property (for example, copyrights, patents and trademarks), computers, computer networks and internet access, buildings, land, equipment, vehicles, machines, telephones, voice mail, e-mail, copiers, software, cash, as well as the time and skills of employees. By using

company property or equipment you consent to the Company's monitoring of that use and acknowledge that you have no expectation of privacy regarding the use of company property and equipment.

All information (including business expenses, timesheets, customer payments, and other SCANA activities) must be recorded and reported accurately and honestly. All transactions must be carried out in accordance with management's authorization and be properly recorded. Employees are reminded to accurately report time worked on their timesheets. This is particularly important if they perform work for more than one SCANA subsidiary.

Information about SCANA employees and customers is confidential and is not to be distributed outside of the Company without proper authorization. Confidential information includes all non-public information that

might be of use to competitors, or harmful or embarrassing to the Company, its customers, or employees if disclosed. Nor is confidential information to be accessed except for a legitimate business purpose. In fact, confidential company information should only be accessed for a legitimate business reason and only disclosed in accordance with rules and policies on disclosure.

**SCANA is a family of companies—some regulated and some not. There are often rules against sharing information among these subsidiaries. If you don't know the rules, contact your supervisor.**

SCANA is a family of companies – some regulated and some not. There are often rules against sharing information among these subsidiaries or even within subsidiaries. If you don't know the rules, contact your supervisor.

Confidential business information gained while employed at SCANA should not be shared with anyone. This obligation continues even after retirement or the end of your employment with SCANA. If you are unsure about what constitutes confidential information, contact your supervisor or the Corporate Compliance Officer. Misuse of Company property, including confidential information, should be reported through your normal chain of command, to an appropriate Company officer, the Corporate Compliance Officer, the Corporate Security Department or the confidential Compliance Helpline at 1-888-97-SCANA. (See contact list on page 14.)

## Working with Government Agencies

For example, if, prior to a public announcement, you become aware SCANA was negotiating to purchase another company, you would be guilty of insider trading if you bought or sold securities in either SCANA or the other company or passed this information to a friend or relative who bought or sold the securities in reliance on this information.

If you suspect securities fraud or insider trading, you should report your suspicions to the Corporate Compliance Office, SCANA's General Counsel, or SCANA's confidential Compliance Helpline (1-888-97-SCANA).

Additionally, if you have questions involving financial information or buying or selling securities, use these same reporting options for answers to your questions. (See contact list below.)

Retaliation against an employee who reports securities fraud is illegal and prohibited. Unlawful retaliation can include, but is not limited to discharge, demotion, suspension, threats, harassment or any other type of discrimination. Any employee who feels he or she has been retaliated against for making a securities fraud complaint should report the retaliation to the Corporate Compliance Officer or SCANA's General Counsel.

### Contacts

#### Corporate Compliance

Carlette Walker (Compliance Officer) (803) 217-6323  
Vickie Smith (Manager) ..... (803) 217-7998  
Helpline ..... 1-888-97-SCANA  
Website Address: <http://inside.scana.com/conduct/>

#### General Counsel's Office (Legal)

Frank Mood (General Counsel) .... (803) 217-8634  
Pat Hudson (Director) ..... (803) 217-9764

#### Chief Financial Officer

Kevin Marsh ..... (803) 217-8097

#### Controller

Jim Swan ..... (803) 217-6017

#### Corporate Safety

Lee Safley ..... (803) 217-8414

#### Corporate Secretary Office

Lynn Williams (Corp. Secretary) ... (803) 217-9863  
Gina Champion (Asst. Corp. Sec.) .. (803) 217-7568

#### Corporate Security

Ronald Goebel ..... (803) 217-9512

#### Environmental Services

Randy Mahan ..... (803) 217-9538

#### Governmental Affairs

Charles McFadden ..... (803) 217-9247

#### Human Resources

Joe Bouknight ..... (803) 217-9263

#### Investor Relations

John Winn ..... (803) 217-9240

### Notes




March 16, 2007

SC PUBLIC SERVICE  
COMMISSION

2007 MAR 16 PM 12:10

RECEIVED

Mr. Charles Terreni  
Chief Clerk & Administrator  
The Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Dear Mr. Terreni:

Attached are copies of the Quarterly Report for South Carolina Electric & Gas Company, Electric Retail Operations and Gas Distribution Operations, for the twelve months ended December, 2006.

Sincerely,

Kenneth R. Jackson

CW

Attachments

c: John Flitter (ORS)  
Jay Jashinsky (ORS)

## CERTIFICATION

I, William B. Timmerman, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



\_\_\_\_\_  
Signature of Chief Executive Officer

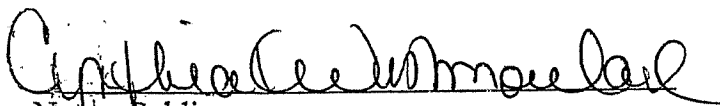
William B. Timmerman

Typed or Printed Name of Person Signing

Chairman of the Board, Chief Executive Officer  
Title

3-13-07  
Date Signed

Subscribed and Sworn to me on this 13th of March,  
2007.

  
Notary Public

My Commission Expires: September 13, 2011

### CERTIFICATION

I, Jimmy E. Addison, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

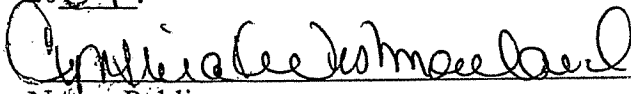
  
\_\_\_\_\_  
Signature of Chief Financial Officer

Jimmy E. Addison  
Typed or Printed Name of Person Signing

Chief Financial Officer  
Title

3/12/07  
\_\_\_\_\_  
Date Signed

Subscribed and Sworn to me on this 12th of March,  
2007.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: September 13, 2011

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**RETAIL ELECTRIC**  
**OPERATING EXPERIENCE**  
**TWELVE MONTHS ENDED December 31, 2006**

<u>DESCRIPTION</u>	<u>PER BOOKS ADJ.</u> <u>FOR REGULATORY</u> <u>ORDERS</u> (\$)	<u>ACCOUNTING &amp;</u> <u>PRO FORMA</u> <u>ADJUSTMENTS</u> (\$)	<u>TOTAL AS</u> <u>ADJUSTED</u> (\$)
	COL. A	COL. B	COL. C
<u>OPERATING REVENUES</u>	<u>1,810,469,745</u>	<u>(5,977,148)</u>	<u>1,804,492,596</u>
<u>OPERATING EXPENSES</u>			
Fuel Costs	589,945,907		589,945,907
Other O&M Expenses	430,454,353	5,343,849	435,798,203
Deprec. & Amort. Expenses	220,696,272	8,764,199	229,460,472
Taxes Other Than Income	113,597,890	2,956,906	116,554,796
Income Taxes	<u>139,169,371</u>	<u>(8,686,566)</u>	<u>130,482,804</u>
Total Operating Expenses	1,493,863,793	8,378,389	1,502,242,182
Operating Return	316,605,951	(14,355,537)	302,250,414
Customer Growth	3,297,303	(149,506)	3,147,797
Int. on Customer Deposits	<u>(475,768)</u>	<u>-</u>	<u>(475,768)</u>
Total Income for Return	<u>319,427,486</u>	<u>(14,505,043)</u>	<u>304,922,443</u>
<u>ORIGINAL COST RATE BASE</u>			
Gross Plant in Service	6,239,254,490	(2,892,730)	6,236,361,760
Reserve for Deprec.	<u>2,136,345,552</u>	<u>7,207,976</u>	<u>2,143,553,528</u>
Net Plant	4,102,908,938	(10,100,706)	4,092,808,232
CWIP	288,828,435	(2,818,570)	286,009,865
Net Deferred/Credits	(109,514,138)	(4,572)	(109,518,709)
Accum. Def. Income Taxes	(570,723,258)		(570,723,258)
Materials & Supplies	212,555,351	-	212,555,351
Working Capital	<u>4,587,814</u>	<u>-</u>	<u>4,587,814</u>
Total Original Cost Rate Base	<u>3,928,643,142</u>	<u>(12,923,848)</u>	<u>3,915,719,294</u>
 RATE OF RETURN	 8.13%		 7.79%
RETURN ON EQUITY	9.64%		9.03%

Supplemental  
Schedule To  
Exhibit A

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ANNUALIZED INTEREST EXPENSE

TWELVE MONTHS ENDED December 31, 2006

RATE BASE	\$	4,096,042,402
LONG-TERM DEBT RATIO		<u>41.45%</u>
	\$	1,697,809,576
AVERAGE COST OF DEBT		<u>6.20%</u>
ANNUALIZED INTEREST	\$	105,264,194
TAX BOOK INTEREST	\$	<u>120,978,515</u>
INTEREST ADJUSTMENT	\$	<u>(15,714,321)</u>
ADJUSTMENT TO INCOME TAXES:		
STATE INCOME TAX @ 5%	\$	785,716
FEDERAL INCOME TAX @ 35%	\$	<u>5,225,012</u>
TOTAL INCOME TAX EFFECT	\$	6,010,728
RETAIL ELECTRIC RATE BASE PERCENTAGE		<u>95.91%</u>
	\$	<u>5,764,889</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**PLANT IN SERVICE, CONSTRUCTION WORK IN PROGRESS, AND RESERVE FOR DEPRECIATION**

AT December 31, 2006

	TOTAL PER BOOKS ADJ. FOR REGULATORY ORDERS \$	RATIOS %	ALLOCATED TO RETAIL \$
<b><u>ELECTRIC PLANT IN SERVICE</u></b>			
Production	\$ 3,469,355,792	94.41%	\$ 3,275,418,803
Transmission	\$ 629,656,668	94.06%	\$ 592,248,765
Distribution	\$ 2,003,188,004	99.75%	\$ 1,998,079,874
General	\$ 122,549,929	96.04%	\$ 117,699,263
Intangible	\$ 61,333,036	96.04%	\$ 58,905,404
Common	<u>\$ 205,017,195</u>	96.04%	<u>\$ 196,902,381</u>
TOTAL	<u>\$ 6,491,100,624</u>		<u>\$ 6,239,254,490</u>
<b><u>CONSTRUCTION WORK IN PROGRESS</u></b>			
Production	\$ 158,407,615	94.41%	\$ 149,552,629
Transmission	\$ 55,585,074	94.06%	\$ 52,282,765
Distribution	\$ 53,919,084	99.75%	\$ 53,781,591
General	\$ 7,828,657	96.04%	\$ 7,518,790
Intangible	\$ 2,447,213	96.04%	\$ 2,350,349
Common	<u>\$ 24,304,303</u>	96.04%	<u>\$ 23,342,311</u>
TOTAL	<u>\$ 302,491,946</u>		<u>\$ 288,828,435</u>
<b><u>RESERVE FOR DEPRECIATION</u></b>			
Production	\$ 1,183,797,981	94.41%	\$ 1,117,623,674
Transmission	\$ 200,918,474	94.07%	\$ 189,001,999
Distribution	\$ 667,143,273	99.75%	\$ 665,462,072
General	\$ 96,910,632	96.04%	\$ 93,074,798
Common	<u>\$ 74,116,629</u>	96.04%	<u>\$ 71,183,008</u>
TOTAL	<u>\$ 2,222,886,989</u>		<u>\$ 2,136,345,552</u>



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
RETAIL ELECTRIC OPERATIONS**

**AT December 31, 2006**

<b><u>NET DEFERRED DEBITS/CREDITS</u></b>	<b><u>PER BOOKS ADJ. FOR REGULATORY ORDERS</u></b>	<b><u>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS</u></b>	<b><u>TOTAL AS ADJUSTED</u></b>
Environmental	(164,742)	-	(164,742)
FASB 106 Rate Base Reduction	(76,798,617)	(4,572)	(76,803,189)
Major Maintenance Accrual	(5,309,425)	-	(5,309,425)
Storm Reserve	<u>(27,241,354)</u>	<u>-</u>	<u>(27,241,354)</u>
<b>TOTAL</b>	<b><u>(109,514,138)</u></b>	<b><u>(4,572)</u></b>	<b><u>(109,518,709)</u></b>
 <b><u>MATERIALS &amp; SUPPLIES</u></b>			
Nuclear Fuel	31,531,475	-	31,531,475
Fossil Fuel	102,671,850	-	102,671,850
Other Materials & Supplies	<u>78,352,026</u>	<u>-</u>	<u>78,352,026</u>
<b>TOTAL</b>	<b><u>212,555,351</u></b>	<b><u>-</u></b>	<b><u>212,555,351</u></b>
 <b><u>WORKING CAPITAL, OTHER THAN MATERIALS &amp; SUPPLIES</u></b>			
Working Cash	104,322,784	-	104,322,784
Prepayments	<u>6,919,233</u>	<u>-</u>	<u>6,919,233</u>
Total Investor Advanced Funds	111,242,017	-	111,242,017
Less: Customer Deposits	(25,984,142)	-	(25,984,142)
Average Tax Accruals	(75,274,708)	-	(75,274,708)
Injuries & Damages	<u>(5,395,353)</u>	<u>-</u>	<u>(5,395,353)</u>
<b>TOTAL WORKING CAPITAL</b>	<b><u>4,587,814</u></b>	<b><u>-</u></b>	<b><u>4,587,814</u></b>

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ACCOUNTING & PRO FORMA ADJUSTMENTS  
TOTAL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED  
December 31, 2006

D.I. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	DEF. DEBITS/ CREDITS & PAYABLES
1	ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES										
A)	ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES		1,078,497		76,592	(57,754)	(384,067)				
B)	INCENTIVE PAY		(876,811)		(93,092)	48,495	322,493				
C)	ADOPT SFAS 123-R FOR LONG-TERM AT-RISK PAY		4,885,686		412,841	(264,926)	(1,761,760)				
2	PENSION & HEALTH CARE RELATED ADJUSTMENTS										
A)	PENSION INCOME		(1,939,633)		96,982		644,928				(4,784)
B)	OTHER POST EMPLOYMENT BENEFITS		7,748		(387)		(2,576)				
C)	HEALTH CARE		882,524		(44,126)		(293,439)				
3	ELIMINATE EMPLOYEE CLUBS INVESTMENT & EXPENSES		(338,100)	(650,881)		51,449	342,136	(4,716,187)	(1,080,715)		
4	ADJUST PROPERTY TAXES				2,684,452	(134,223)	(892,580)				
5	PROPERTY RETIREMENTS					-	-	(1,187,740)	(1,187,741)		
6	ANNUALIZED DEPRECIATION			9,756,038		(487,802)	(3,243,883)		9,756,038		
7	CWIP					-	-	2,935,013		(2,935,013)	
8	TAX EFFECT OF ANNUALIZED INTEREST					17,213	114,469				
9	NON-RECURRING REVENUE (LARGE CUSTOMER CLOSINGS)	(5,303,180)				(265,159)	(1,763,307)				
10	NON-RECURRING FEDERAL AGENCY FEES		1,883,082			(94,154)	(626,125)				
11	NON-RECURRING MORGAN STANLEY MARKET ADJUSTMENT FEE	(701,744)				(35,087)	(233,330)				
	TOTAL ADJUSTMENTS	(6,004,924)	5,582,993	9,065,157	3,080,793	(1,169,480)	(7,777,042)	(2,968,914)	7,487,582	(2,935,013)	(4,784)

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ACCOUNTING & PRO FORMA ADJUSTMENTS  
RETAIL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED  
December 31, 2006

D.I.#	DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	DEF. DEBITS/ CREDITS & PAYABLES
1	ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES										
	A) ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES		1,030,515		73,184	(55,185)	(366,980)				
	B) INCENTIVE PAY		(837,802)		(88,950)	46,338	308,145				
	C) ADOPT SFAS 123-R FOR LONG-TERM AT-RISK PAY		4,668,322		394,474	(253,140)	(1,683,380)				
2	PENSION & HEALTH CARE RELATED ADJUSTMENTS										
	A) PENSION INCOME		(1,853,339)			92,667	616,235				(4,572)
	B) OTHER POST EMPLOYMENT BENEFITS		7,403			(370)	(2,462)				
	C) HEALTH CARE		843,261			(42,163)	(280,384)				
3	ELIMINATE EMPLOYEE CLUBS INVESTMENT & EXPENSES		(323,058)	(663,535)		49,330	328,042	(4,529,515)	(1,037,939)		
4	ADJUST PROPERTY TAXES				2,578,198	(128,910)	(857,251)				
5	PROPERTY RETIREMENTS					-	-	(1,181,785)	(1,181,819)		
6	ANNUALIZED DEPRECIATION			9,427,734		(471,387)	(3,134,722)		9,427,734		
7	CWIP					-	-	2,818,570		(2,818,570)	
8	TAX EFFECT OF ANNUALIZED INTEREST					16,606	110,432				
9	NON-RECURRING REVENUE (LARGE CUSTOMER CLOSINGS)	(5,303,180)				(265,159)	(1,763,307)				
10	NON-RECURRING FEDERAL AGENCY FEES		1,808,547			(90,427)	(601,342)				
11	NON-RECURRING MORGAN STANLEY MARKET ADJUSTMENT FEE TOTAL ADJUSTMENTS	(673,968) (5,977,148)	5,343,849	8,764,199	2,956,906	(1,135,499)	(7,551,067)	(2,892,730)	7,207,976	(2,818,570)	(4,572)

## EXHIBIT B

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
CAPITAL STRUCTURE  
AT December 31, 2006

<u>RETAIL ELECTRIC</u>	<u>CAPITALIZATION</u> \$	<u>RATIO</u> %	<u>EMBEDDED COST/RATE</u> %	<u>OVERALL COST/RATE</u> %
LONG-TERM DEBT	1,821,488,439	41.45	6.20	2.57
PREFERRED STOCK	114,620,250	2.61	6.41	0.17
COMMON EQUITY	<u>2,458,368,317</u>	<u>55.94</u>	<u>9.03</u>	<u>5.05</u>
TOTAL	<u>4,394,477,006</u>	<u>100.00</u>		<u>7.79</u>

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED December 31, 2006**

NET INCOME AFTER DIV. OF PREF. STOCK	\$227,310,334
EARNINGS PER SHARE	\$1.96
AVG. NUMBER OF SHARES OUTSTANDING	115,794,645

## EXHIBIT D

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
 RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>  
 TWELVE MONTHS ENDED December 31, 2006

LINE NO.		<u>\$000's</u>
1	EARNINGS	
2	Net Income	321,829
3	Losses from Equity Investees	21,852
4	Total Fixed Charges, As Below	<u>142,531</u>
5	TOTAL EARNINGS	<u>486,212</u>
6	FIXED CHARGES	
7	Interest on Long-Term Debt	121,284
8	Other Interest	13,387
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	3,622
10	Rental Int. Portion	4,238
11	Distribution on Trust Preferred	<u>-</u>
12	TOTAL FIXED CHARGES	142,531
13	Pre-tax earnings required to pay Preference Security Dividend	<u>11,783</u>
14	<b>Total Fixed Charges and Preference Security Dividend</b>	<u>154,314</u>
15	RATIO OF EARNINGS TO FIXED CHARGES	3.15
16	<sup>1</sup> - SEC COVERAGE	



December 14, 2006

SC PUBLIC SERVICE  
COMMISSION

2006 DEC 14 PM 12:59


RECEIVED

Mr. Charles Terreni  
Chief Clerk & Administrator  
The Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Dear Mr. Terreni:

Attached are copies of the Quarterly Report for South Carolina Electric & Gas Company, Electric Retail Operations and Gas Distribution Operations, for the twelve months ended September, 2006.

Sincerely,



Kenneth R. Jackson

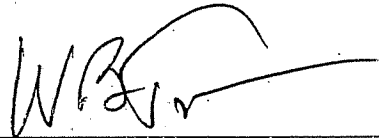
cw

Attachments

c: John Flitter (ORS)  
Jay Jashinsky (ORS)

# CERTIFICATION

I, William B. Timmerman, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



Signature of Chief Executive Officer

William B. Timmerman

Typed or Printed Name of Person Signing

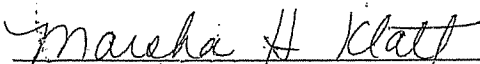
Chairman of the Board, Chief Executive Officer

Title

December 14, 2006

Date Signed

Subscribed and Sworn to me on this 14<sup>th</sup> of December,  
2006.



Notary Public

My Commission Expires: October 15, 2007



## CERTIFICATION

I, Jimmy E. Addison, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



\_\_\_\_\_  
Signature of Chief Financial Officer

Jimmy E. Addison

Typed or Printed Name of Person Signing

Chief Financial Officer

Title

December 14, 2006

Date Signed

Subscribed and Sworn to me on this 14<sup>th</sup> of December,  
2006.



\_\_\_\_\_  
Notary Public

My Commission Expires: October 15, 2007

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**RETAIL ELECTRIC**  
**OPERATING EXPERIENCE**  
**TWELVE MONTHS ENDED September 30, 2006**

<u>DESCRIPTION</u>	PER BOOKS ADJ. FOR REGULATORY <u>ORDERS</u> (\$\$\$)	ACCOUNTING & PRO FORMA <u>ADJUSTMENTS</u> (\$\$\$)	TOTAL AS <u>ADJUSTED</u> (\$\$\$)
	COL. A	COL. B	COL. C
<u>OPERATING REVENUES</u>	<u>1,816,677,121</u>	<u>(7,506,941)</u>	<u>1,809,170,180</u>
<u>OPERATING EXPENSES</u>			
Fuel Costs	577,330,298		577,330,298
Other O&M Expenses	422,384,453	9,173,290	431,557,743
Deprec. & Amort. Expenses	220,001,809	7,856,093	227,857,902
Taxes Other Than Income	107,942,849	4,660,782	112,603,631
Income Taxes	<u>152,169,811</u>	<u>(11,046,863)</u>	<u>141,122,948</u>
Total Operating Expenses	1,479,829,221	10,643,302	1,490,472,523
Operating Return	336,847,901	(18,150,243)	318,697,658
Customer Growth	3,683,912	(198,499)	3,485,414
Int. on Customer Deposits	<u>(456,218)</u>	<u>-</u>	<u>(456,218)</u>
Total Income for Return	<u>340,075,595</u>	<u>(18,348,741)</u>	<u>321,726,853</u>
<u>ORIGINAL COST RATE BASE</u>			
Gross Plant in Service	6,202,459,196	(6,556,440)	6,195,902,757
Reserve for Deprec.	<u>2,100,962,236</u>	<u>4,635,616</u>	<u>2,105,597,853</u>
Net Plant	4,101,496,960	(11,192,056)	4,090,304,904
CWIP	218,980,702	(809,551)	218,171,151
Net Deferred/Credits	(108,895,600)	(279,881)	(109,175,481)
Accum. Def. Income Taxes	(555,975,343)		(555,975,343)
Materials & Supplies	209,321,094	-	209,321,094
Working Capital	<u>11,766,643</u>	<u>-</u>	<u>11,766,643</u>
Total Original Cost Rate Base	<u>3,876,694,456</u>	<u>(12,281,488)</u>	<u>3,864,412,968</u>
 RATE OF RETURN	 8.77%		8.33%
RETURN ON EQUITY	10.81%		10.01%

Supplemental  
Schedule To  
Exhibit A

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ANNUALIZED INTEREST EXPENSE

TWELVE MONTHS ENDED September 30, 2006

RATE BASE	\$ 4,042,285,849
LONG-TERM DEBT RATIO	<u>41.62%</u>
AVERAGE COST OF DEBT	\$ 1,682,399,370 <u>6.19%</u>
ANNUALIZED INTEREST	\$ 104,140,521
TAX BOOK INTEREST	<u>\$ 122,632,129</u>
INTEREST ADJUSTMENT	<u>\$ (18,491,608)</u>
ADJUSTMENT TO INCOME TAXES:	
STATE INCOME TAX @ 5%	\$ 924,580
FEDERAL INCOME TAX @ 35%	<u>\$ 6,148,460</u>
TOTAL INCOME TAX EFFECT	\$ 7,073,040
RETAIL ELECTRIC RATE BASE PERCENTAGE	<u>95.90%</u>
	<u>\$ 6,783,045</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**PLANT IN SERVICE, CONSTRUCTION WORK IN PROGRESS, AND RESERVE FOR DEPRECIATION**

AT September 30, 2006

	<u>TOTAL PER BOOKS</u> \$	<u>RATIOS</u> %	<u>ALLOCATED TO RETAIL</u> \$
<b><u>ELECTRIC PLANT IN SERVICE</u></b>			
Production	\$ 3,467,614,474	94.41%	\$ 3,273,774,825
Transmission	\$ 628,667,801	94.05%	\$ 591,262,067
Distribution	\$ 1,971,983,811	99.75%	\$ 1,966,955,253
General	\$ 118,631,608	96.02%	\$ 113,915,008
Intangible	\$ 61,988,012	96.02%	\$ 59,523,470
Common	<u>\$ 205,186,453</u>	96.02%	<u>\$ 197,028,574</u>
TOTAL	<u>\$ 6,454,072,160</u>		<u>\$ 6,202,459,196</u>
<b><u>CONSTRUCTION WORK IN PROGRESS</u></b>			
Production	\$ 113,594,143	94.41%	\$ 107,244,230
Transmission	\$ 46,795,243	94.05%	\$ 44,010,926
Distribution	\$ 43,053,576	99.75%	\$ 42,943,789
General	\$ 8,264,334	96.02%	\$ 7,935,757
Intangible	\$ 2,472,177	96.02%	\$ 2,373,887
Common	<u>\$ 15,071,323</u>	96.02%	<u>\$ 14,472,112</u>
TOTAL	<u>\$ 229,250,796</u>		<u>\$ 218,980,702</u>
<b><u>RESERVE FOR DEPRECIATION</u></b>			
Production	\$ 1,163,606,336	94.41%	\$ 1,098,560,742
Transmission	\$ 198,742,759	94.06%	\$ 186,937,439
Distribution	\$ 656,862,474	99.75%	\$ 655,207,181
General	\$ 95,736,648	96.02%	\$ 91,930,315
Common	<u>\$ 71,155,591</u>	96.02%	<u>\$ 68,326,560</u>
TOTAL	<u>\$ 2,186,103,808</u>		<u>\$ 2,100,962,236</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
RETAIL ELECTRIC OPERATIONS**

**AT September 30, 2006**

<b><u>NET DEFERRED DEBITS/CREDITS</u></b>	<b><u>PER BOOKS ADJ. FOR REGULATORY ORDERS</u></b>	<b><u>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS</u></b>	<b><u>TOTAL AS ADJUSTED</u></b>
Environmental	(136,199)	-	(136,199)
FASB 106 Rate Base Reduction	(73,899,208)	(279,881)	(74,179,090)
Major Maintenance Accrual	(8,026,411)	-	(8,026,411)
Storm Reserve	<u>(26,833,781)</u>	<u>-</u>	<u>(26,833,781)</u>
<b>TOTAL</b>	<b><u>(108,895,600)</u></b>	<b><u>(279,881)</u></b>	<b><u>(109,175,481)</u></b>
<b><u>MATERIALS &amp; SUPPLIES</u></b>			
Nuclear Fuel	29,182,878	-	29,182,878
Fossil Fuel	100,160,893	-	100,160,893
Other Materials & Supplies	<u>79,977,322</u>	<u>-</u>	<u>79,977,322</u>
<b>TOTAL</b>	<b><u>209,321,094</u></b>	<b><u>-</u></b>	<b><u>209,321,094</u></b>
<b><u>WORKING CAPITAL, OTHER THAN MATERIALS &amp; SUPPLIES</u></b>			
Working Cash	101,327,985	-	101,327,985
Prepayments	<u>9,158,553</u>	<u>-</u>	<u>9,158,553</u>
Total Investor Advanced Funds	110,486,538	-	110,486,538
Less: Customer Deposits	(25,183,690)	-	(25,183,690)
Average Tax Accruals	(68,257,775)	-	(68,257,775)
Injuries & Damages	<u>(5,278,431)</u>	<u>-</u>	<u>(5,278,431)</u>
<b>TOTAL WORKING CAPITAL</b>	<b><u>11,766,643</u></b>	<b><u>-</u></b>	<b><u>11,766,643</u></b>

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ACCOUNTING & PRO FORMA ADJUSTMENTS  
TOTAL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED  
September 30, 2006

ADJ. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	DEF. DEBITS/ CREDITS & PAYABLES
1	ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES										
A)	ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES		3,314,556		235,632	(177,509)	(1,180,438)				
B)	INCENTIVE PAY		(2,535,045)		(203,079)	136,906	910,426				
C)	ADOPT SFAS 123-R FOR LONG-TERM AT-RISK PAY		4,885,687		412,841	(264,926)	(1,761,761)				
2	PENSION & HEALTH CARE RELATED ADJUSTMENTS										
A)	PENSION INCOME		679,033			(33,952)	(225,778)				(292,913)
B)	OTHER POST EMPLOYMENT BENEFITS		474,353			(23,718)	(157,722)				
C)	HEALTH CARE		1,200,128			(60,006)	(399,043)				
3	ELIMINATE EMPLOYEE CLUBS INVESTMENT & EXPENSES		(310,707)	(683,241)	4,410,560	49,697	330,488	(4,665,662)	(1,060,422)		(28,676)
4	ADJUST PROPERTY TAXES					(220,528)	(1,466,511)				
5	PROPERTY RETIREMENTS			8,782,201		(439,110)	(2,920,082)	(3,027,531)	(3,027,531)		
6	ANNUALIZED DEPRECIATION							793,687	8,782,201		(793,687)
7	CWIP					16,372	108,872				
8	TAX EFFECT OF ANNUALIZED INTEREST					(295,187)	(1,962,996)				
9	LARGE CUSTOMER CLOSINGS	(5,903,748)				(94,154)	(626,125)				
10	NON-RECURRING FERC OTHER FEDERAL AGENCY FEES		1,883,082			(83,479)	(555,133)				
11	NON-RECURRING MORGAN STANLEY MARKET ADJUSTMENT FEE	(1,669,572)									
	TOTAL ADJUSTMENTS	(7,573,320)	9,591,087	8,098,960	4,855,954	(1,489,594)	(9,905,803)	(6,899,505)	4,694,248	(822,363)	(292,913)

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ACCOUNTING & PRO FORMA ADJUSTMENTS

RETAIL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED  
September 30, 2006

ADJ. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	DEF. DEBITS/ CREDITS & PAYABLES
1	ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES										
	A) ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES		3,167,091		225,149	(169,612)	(1,127,920)				
	B) INCENTIVE PAY		(2,422,261)		(194,044)	130,915	869,921				
	C) ADOPT SFAS 123-R FOR LONG-TERM AT-RISK PAY		4,668,323		394,474	(253,140)	(1,683,380)				
2	PENSION & HEALTH CARE RELATED ADJUSTMENTS										
	A) PENSION INCOME		648,823			(32,441)	(215,734)				(279,881)
	B) OTHER POST EMPLOYMENT BENEFITS		453,249			(22,662)	(150,705)				
	C) HEALTH CARE		1,146,734			(57,337)	(381,289)				
3	ELIMINATE EMPLOYEE CLUBS INVESTMENT & EXPENSES		(296,884)	(656,076)		47,648	316,859	(4,480,163)	(1,018,261)	(27,536)	
4	ADJUST PROPERTY TAXES				4,235,203	(211,760)	(1,408,205)				
5	PROPERTY RETIREMENTS			8,512,169		(425,608)	(2,830,296)	(2,858,292)			
6	ANNUALIZED DEPRECIATION										
7	CWIP							782,015			(782,015)
8	TAX EFFECT OF ANNUALIZED INTEREST					15,821	105,209				
9	LARGE CUSTOMER CLOSINGS	(5,903,748)				(285,187)	(1,962,996)				
10	NON-RECURRING FERC OTHER FEDERAL AGENCY FEES		1,808,214			(90,411)	(601,231)				
11	NON-RECURRING MORGAN STANLEY MARKET ADJUSTMENT FEE	(1,603,193)				(80,160)	(533,062)				
	TOTAL ADJUSTMENTS	(7,506,941)	9,173,290	7,856,093	4,660,782	(1,444,034)	(9,602,828)	(6,556,440)	4,635,616	(809,551)	(279,881)

## EXHIBIT B

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
CAPITAL STRUCTURE  
AT September 30, 2006

<u>RETAIL ELECTRIC</u>	<u>CAPITALIZATION</u> \$	<u>RATIO</u> %	<u>EMBEDDED</u> <u>COST/RATE</u> %	<u>OVERALL</u> <u>COST/RATE</u> %
LONG-TERM DEBT	1,821,488,439	41.62	6.19	2.58
PREFERRED STOCK	114,620,250	2.62	6.41	0.17
COMMON EQUITY	<u>2,440,181,928</u>	<u>55.76</u>	<u>10.01</u>	<u>5.58</u>
TOTAL	<u>4,376,290,617</u>	<u>100.00</u>		<u>8.33</u>



**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED September 30, 2006**

NET INCOME AFTER DIV. OF PREF. STOCK	\$247,454,397
EARNINGS PER SHARE	\$2.15
AVG. NUMBER OF SHARES OUTSTANDING	115,291,968

## EXHIBIT D

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
 RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>  
 TWELVE MONTHS ENDED September 30, 2006

LINE NO.		<u>\$000's</u>
1	EARNINGS	
2	Net Income	341,009
3	Losses from Equity Investees	21,181
4	Total Fixed Charges, As Below	<u>142,228</u>
5	TOTAL EARNINGS	<u>504,418</u>
6	FIXED CHARGES	
7	Interest on Long-Term Debt	120,360
8	Other Interest	13,551
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	3,692
10	Rental Int. Portion	4,625
11	Distribution on Trust Preferred	<u>-</u>
12	TOTAL FIXED CHARGES	142,228
13	Pre-tax earnings required to pay Preference Security Dividend	<u>11,793</u>
14	Total Fixed Charges and Preference Security Dividend	<u>154,021</u>
15	RATIO OF EARNINGS TO FIXED CHARGES	3.27
16	<sup>1</sup> - SEC COVERAGE	



September 13, 2006

RECEIVED

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SC PUBLIC SERVICE  
COMMISSION

Mr. Charles Terreni  
Chief Clerk & Administrator  
The Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Dear Mr. Terreni:

Attached are copies of the Quarterly Report for South Carolina Electric & Gas Company, Electric Retail Operations and Gas Distribution Operations, for the twelve months ended June, 2006.

Sincerely,

Kenneth R. Jackson

cw

Attachments

c: John Flitter (ORS)  
Jay Jashinsky (ORS)

## CERTIFICATION

I, William B. Timmerman, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



\_\_\_\_\_  
Signature of Chief Executive Officer

William B. Timmerman

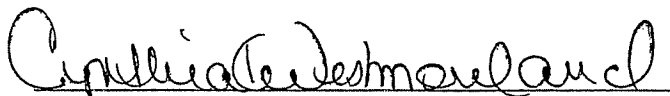
Typed or Printed Name of Person Signing

Chairman of the Board, Chief Executive Officer  
Title

September 13, 2006

Date Signed

Subscribed and Sworn to me on this 13<sup>th</sup> of September,  
2006.



Notary Public

My Commission Expires: September 13, 2011

### CERTIFICATION

I, Jimmy E. Addison, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



\_\_\_\_\_  
Signature of Chief Financial Officer

Jimmy E. Addison

Typed or Printed Name of Person Signing

Chief Financial Officer

Title

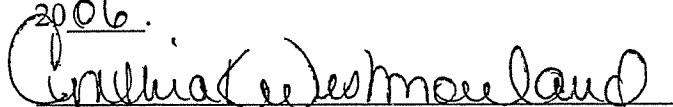
September 13, 2006

Date Signed

Subscribed and Sworn to me on this

13th

of September,  
2006.

  
Notary Public

My Commission Expires:

September 13, 2011

## EXHIBIT A

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**RETAIL ELECTRIC**  
**OPERATING EXPERIENCE**  
**TWELVE MONTHS ENDED June 30, 2006**

<u>DESCRIPTION</u>	<u>PER BOOKS ADJ.</u> <u>FOR REGULATORY</u> <u>ORDERS</u> <u>(\$\$\$)</u>	<u>ACCOUNTING &amp;</u> <u>PRO FORMA</u> <u>ADJUSTMENTS</u> <u>(\$\$\$)</u>	<u>TOTAL AS</u> <u>ADJUSTED</u> <u>(\$\$\$)</u>
	COL. A	COL. B	COL. C
<u>OPERATING REVENUES</u>	<u>1,844,582,290</u>	<u>(6,106,974)</u>	<u>1,838,475,316</u>
<u>OPERATING EXPENSES</u>			
Fuel Costs	595,955,842		595,955,842
Other O&M Expenses	421,882,367	7,036,601	428,918,968
Deprec. & Amort. Expenses	216,474,114	9,910,159	226,384,274
Taxes Other Than Income	106,213,961	6,139,469	112,353,430
Income Taxes	<u>157,738,124</u>	<u>(11,022,967)</u>	<u>146,715,157</u>
Total Operating Expenses	1,498,264,407	12,063,263	1,510,327,670
Operating Return	346,317,883	(18,170,237)	328,147,646
Customer Growth	4,786,014	(251,107)	4,534,907
Int. on Customer Deposits	<u>(445,468)</u>	<u>-</u>	<u>(445,468)</u>
Total Income for Return	<u>350,658,429</u>	<u>(18,421,344)</u>	<u>332,237,085</u>
<u>ORIGINAL COST RATE BASE</u>			
Gross Plant in Service	6,162,791,350	(1,811,671)	6,160,979,679
Reserve for Deprec.	<u>2,061,418,051</u>	<u>8,528,559</u>	<u>2,069,946,610</u>
Net Plant	4,101,373,299	(10,340,230)	4,091,033,069
CWIP	190,291,920	(3,562,115)	186,729,805
Net Deferred/Credits	(107,470,863)	(462,682)	(107,933,544)
Accum. Def. Income Taxes	(550,644,296)		(550,644,296)
Materials & Supplies	196,394,641	-	196,394,641
Working Capital	<u>32,755,405</u>	<u>-</u>	<u>32,755,405</u>
Total Original Cost Rate Base	<u>3,862,700,106</u>	<u>(14,365,027)</u>	<u>3,848,335,079</u>
 RATE OF RETURN	 9.08%		 8.63%
RETURN ON EQUITY	11.41%		10.61%

Supplemental  
Schedule To  
Exhibit A

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ANNUALIZED INTEREST EXPENSE

TWELVE MONTHS ENDED June 30, 2006

RATE BASE	\$ 4,027,681,776
LONG-TERM DEBT RATIO	<u>42.17%</u>
 AVERAGE COST OF DEBT	 \$ 1,698,473,405
	<u>6.19%</u>
 ANNUALIZED INTEREST	 \$ 105,135,504
TAX BOOK INTEREST	<u>\$ 123,229,277</u>
 INTEREST ADJUSTMENT	 <u>\$ (18,093,773)</u>

ADJUSTMENT TO INCOME TAXES:

STATE INCOME TAX @ 5%	\$ 904,689
FEDERAL INCOME TAX @ 35%	<u>\$ 6,016,180</u>
TOTAL INCOME TAX EFFECT	\$ 6,920,868
 RETAIL ELECTRIC RATE BASE PERCENTAGE	 <u>95.90%</u>
	<u>\$ 6,637,113</u>

## EXHIBIT A-1

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**PLANT IN SERVICE, CONSTRUCTION WORK IN PROGRESS, AND RESERVE FOR DEPRECIATION**

AT June 30, 2006

	<u>TOTAL PER BOOKS</u> \$	<u>RATIOS</u> %	<u>ALLOCATED TO RETAIL</u> \$
<b><u>ELECTRIC PLANT IN SERVICE</u></b>			
Production	\$ 3,466,868,757	94.41%	\$ 3,273,070,793
Transmission	\$ 626,537,095	94.18%	\$ 590,091,432
Distribution	\$ 1,940,827,110	99.75%	\$ 1,935,878,001
General	\$ 115,786,899	96.02%	\$ 111,178,883
Intangible	\$ 61,995,043	96.02%	\$ 59,527,802
Common	<u>\$ 201,045,526</u>	96.02%	<u>\$ 193,044,438</u>
TOTAL	<u>\$ 6,413,060,430</u>		<u>\$ 6,162,791,350</u>
<b><u>CONSTRUCTION WORK IN PROGRESS</u></b>			
Production	\$ 93,169,134	94.41%	\$ 87,960,980
Transmission	\$ 42,810,280	94.18%	\$ 40,320,006
Distribution	\$ 38,467,057	99.75%	\$ 38,368,966
General	\$ 9,249,656	96.02%	\$ 8,881,543
Intangible	\$ 2,265,515	96.02%	\$ 2,175,354
Common	<u>\$ 13,106,683</u>	96.02%	<u>\$ 12,585,071</u>
TOTAL	<u>\$ 199,068,325</u>		<u>\$ 190,291,920</u>
<b><u>RESERVE FOR DEPRECIATION</u></b>			
Production	\$ 1,137,943,147	94.41%	\$ 1,074,332,125
Transmission	\$ 195,780,560	94.19%	\$ 184,413,541
Distribution	\$ 647,877,327	99.75%	\$ 646,244,676
General	\$ 95,216,519	96.02%	\$ 91,427,150
Common	<u>\$ 67,694,629</u>	96.02%	<u>\$ 65,000,559</u>
TOTAL	<u>\$ 2,144,512,182</u>		<u>\$ 2,061,418,051</u>



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
RETAIL ELECTRIC OPERATIONS**

AT June 30, 2006

<b><u>NET DEFERRED DEBITS/CREDITS</u></b>	<b><u>PER BOOKS ADJ. FOR REGULATORY ORDERS</u></b>	<b><u>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS</u></b>	<b><u>TOTAL AS ADJUSTED</u></b>
Environmental	(150,067)	-	(150,067)
FASB 106 Rate Base Reduction	(74,576,170)	(462,682)	(75,038,852)
Major Maintenance Accrual	(7,111,986)	-	(7,111,986)
Storm Reserve	<u>(25,632,639)</u>	<u>-</u>	<u>(25,632,639)</u>
<b>TOTAL</b>	<b><u>(107,470,863)</u></b>	<b><u>(462,682)</u></b>	<b><u>(107,933,544)</u></b>

**MATERIALS & SUPPLIES**

Nuclear Fuel	27,963,369	-	27,963,369
Fossil Fuel	93,298,465	-	93,298,465
Other Materials & Supplies	<u>75,132,807</u>	<u>-</u>	<u>75,132,807</u>
<b>TOTAL</b>	<b><u>196,394,641</u></b>	<b><u>-</u></b>	<b><u>196,394,641</u></b>

**WORKING CAPITAL, OTHER THAN MATERIALS & SUPPLIES**

Working Cash	103,632,760	-	103,632,760
Prepayments	<u>16,402,801</u>	<u>-</u>	<u>16,402,801</u>
Total Investor Advanced Funds	120,035,561	-	120,035,561
Less: Customer Deposits	(24,539,390)	-	(24,539,390)
Average Tax Accruals	(57,066,402)	-	(57,066,402)
Injuries & Damages	<u>(5,674,365)</u>	<u>-</u>	<u>(5,674,365)</u>
<b>TOTAL WORKING CAPITAL</b>	<b><u>32,755,405</u></b>	<b><u>-</u></b>	<b><u>32,755,405</u></b>

SOUTH CAROLINA ELECTRIC GAS COMPANY  
ACCOUNTING & PRO FORMA ADJUSTMENTS  
TOTAL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED  
June 30, 2006

DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	DEF. DEBITS/ CREDITS & PAYABLES
ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES										
A) ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES		5,155,075		366,509	(276,079)	(1,835,927)				
B) INCENTIVE PAY		(4,059,274)		(331,874)	219,547	1,459,990				
C) ADOPT SFAS 123-R FOR LONG-TERM AT-RISK PAY		4,885,887		412,841	(264,926)	(1,761,761)				
PENSION & HEALTH CARE RELATED ADJUSTMENTS										
A) PENSION INCOME		1,160,370			(58,019)	(385,823)				(484,225)
B) OTHER POST EMPLOYMENT BENEFITS		784,170			(39,209)	(260,737)				
C) HEALTH CARE		(239,010)			11,951	79,471				
ELIMINATE EMPLOYEE CLUBS INVESTMENT & EXPENSES		(322,782)	(673,829)		49,831	331,373	(4,455,642)	(1,038,087)	(66,266)	
ADJUST PROPERTY TAXES				5,948,443	(297,422)	(1,977,857)				
PROPERTY RETIREMENTS					-	-	(1,076,591)	(1,076,591)		
ANNUALIZED DEPRECIATION			10,975,215		(548,761)	(3,649,259)		10,975,215		
CWIP					-	-	3,626,870		(3,626,870)	
TAX EFFECT OF ANNUALIZED INTEREST					19,504	129,703				
TWO LARGE CUSTOMER CLOSINGS	(6,106,974)	7,364,236	10,301,386	6,396,119	(305,349)	(2,030,569)	(1,905,363)	8,860,537	(3,693,136)	(484,225)
TOTAL ADJUSTMENTS	(6,106,974)	7,364,236	10,301,386	6,396,119	(1,488,931)	(9,901,394)	(1,905,363)	8,860,537	(3,693,136)	(484,225)

SOUTH CAROLINA ELECTRIC GAS COMPANY  
ACCOUNTING & PRO FORMA ADJUSTMENTS  
RETAIL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED  
June 30, 2006

DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	DEF. DEBITS/ CREDITS & PAYABLES
ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES										
1) ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES		4,925,726		350,203	(263,796)	(1,754,246)				
2) INCENTIVE PAY		(3,878,677)		(316,918)	209,780	1,395,035				
3) ADOPT SFAS 123-R FOR LONG-TERM AT-RISK PAY		4,688,323		394,474	(253,140)	(1,683,380)				
PENSION & HEALTH CARE RELATED ADJUSTMENTS										
1) PENSION INCOME		1,108,745			(55,437)	(368,658)				(462,682)
2) OTHER POST EMPLOYMENT BENEFITS		749,282			(37,464)	(249,136)				
3) HEALTH CARE		(228,376)			11,419	75,935				
ELIMINATE EMPLOYEE CLUBS INVESTMENT & EXPENSES		(308,421)	(647,012)	5,711,710	47,772	317,682	(4,278,319)	(996,774)	(63,629)	
ADJUST PROPERTY TAXES					(285,586)	(1,899,144)				
PROPERTY RETIREMENTS					-	-	(1,031,838)	(1,031,839)		
ANNUALIZED DEPRECIATION			10,557,172		(527,859)	(3,510,280)		10,557,172		
CWIP					-	-	3,498,487		(3,498,487)	
TAX EFFECT OF ANNUALIZED INTEREST					18,750	124,684				
TWO LARGE CUSTOMER CLOSINGS	(6,106,974)				(305,349)	(2,030,569)				
TOTAL ADJUSTMENTS	(6,106,974)	7,036,601	9,910,159	6,139,469	(1,440,911)	(9,582,056)	(1,811,671)	8,528,559	(3,562,116)	(462,682)

EXHIBIT B

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
CAPITAL STRUCTURE  
AT June 30, 2006

<u>RETAIL ELECTRIC</u>	<u>CAPITALIZATION</u>	<u>RATIO</u>	<u>EMBEDDED</u>	<u>OVERALL</u>
	\$	%	<u>COST/RATE</u>	<u>COST/RATE</u>
			%	%
LONG-TERM DEBT	1,824,691,526	42.17	6.19	2.61
PREFERRED STOCK	114,700,650	2.65	6.41	0.17
COMMON EQUITY	<u>2,387,403,779</u>	<u>55.18</u>	<b>10.61</b>	<u>5.85</u>
TOTAL	<u>4,326,795,955</u>	<u>100.00</u>		<u>8.63</u>

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED June 30, 2006**

NET INCOME AFTER DIV. OF PREF. STOCK	\$260,790,127
EARNINGS PER SHARE	\$2.27
AVG. NUMBER OF SHARES OUTSTANDING	114,800,754

## EXHIBIT D

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
 RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>  
 TWELVE MONTHS ENDED June 30, 2006

LINE NO.	<u>\$000's</u>
1 EARNINGS	
2 Net Income	363,043
3 Losses from Equity Investees	18,710
4 Total Fixed Charges, As Below	<u>140,977</u>
5 TOTAL EARNINGS	<u>522,730</u>
6 FIXED CHARGES	
7 Interest on Long-Term Debt	119,401
8 Other Interest	13,579
9 Amort. Of Debt Prem. - Discount & Exp. (Net)	3,772
10 Rental Int. Portion	4,225
11 Distribution on Trust Preferred	<u>-</u>
12 TOTAL FIXED CHARGES	140,977
13 Pre-tax earnings required to pay Preference Security Dividend	<u>11,801</u>
14 <b>Total Fixed Charges and Preference Security Dividend</b>	<u>152,778</u>
15 RATIO OF EARNINGS TO FIXED CHARGES	3.42
16 <sup>1</sup> - SEC COVERAGE	



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COMMISSION

June 14, 2006

Mr. Charles Terreni  
Chief Clerk & Administrator  
The Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Dear Mr. Terreni:

Attached are copies of the Quarterly Report for South Carolina Electric & Gas Company, Electric Retail Operations, for the twelve months ended March, 2006.

Sincerely,

Kenneth R. Jackson


cw

Attachments

c: John Flitter (ORS)  
Jay Jashinsky (ORS)

## CERTIFICATION

I, William B. Timmerman, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



Signature of Chief Executive Officer

William B. Timmerman


Typed or Printed Name of Person Signing

Chairman of the Board, Chief Executive Officer  
Title

June 9, 2006

Date Signed

Subscribed and Sworn to me on this 9th of June,  
2006.

  
Notary Public

My Commission Expires: My Commission Expires June 28, 2009



## CERTIFICATION

I, Jimmy E. Addison, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

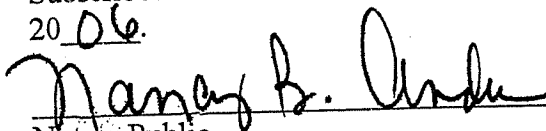
  
\_\_\_\_\_  
Signature of Chief Financial Officer

Jimmy E. Addison  
Typed or Printed Name of Person Signing

Chief Financial Officer  
Title

June 8, 2006  
Date Signed

Subscribed and Sworn to me on this 8th of June,  
20 06.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: My Commission Expires June 28, 2009

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
RETAIL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED March 31, 2006

<u>DESCRIPTION</u>	<u>PER BOOKS ADJ. FOR REGULATORY ORDERS</u> (\$\$\$)	<u>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS</u> (\$\$\$)	<u>TOTAL AS ADJUSTED</u> (\$\$\$)
	COL. A	COL. B	COL. C
<u>OPERATING REVENUES</u>	<u>1,818,750,018</u>	<u>(6,329,146)</u>	<u>1,812,420,871</u>
<u>OPERATING EXPENSES</u>			
Fuel Costs	593,621,968		593,621,968
Other O&M Expenses	418,164,851	4,081,022	422,245,874
Deprec. & Amort. Expenses	216,712,099	8,734,992	225,447,091
Taxes Other Than Income	108,142,903	4,662,998	112,805,901
Income Taxes	<u>147,900,111</u>	<u>(8,969,014)</u>	<u>138,931,097</u>
Total Operating Expenses	1,484,541,932	8,509,999	1,493,051,931
Operating Return	334,208,086	(14,839,145)	319,368,941
Customer Growth	7,104,738	(315,457)	6,789,281
Int. on Customer Deposits	<u>(424,834)</u>	<u>-</u>	<u>(424,834)</u>
Total Income for Return	<u>340,887,989</u>	<u>(15,154,602)</u>	<u>325,733,388</u>
<u>ORIGINAL COST RATE BASE</u>			
Gross Plant in Service	6,120,114,252	(4,899,115)	6,115,215,137
Reserve for Deprec.	<u>2,023,767,671</u>	<u>7,431,857</u>	<u>2,031,199,528</u>
Net Plant	4,096,346,581	(12,330,972)	4,084,015,609
CWIP	161,570,920	(439,285)	161,131,636
Net Deferred/Credits	(103,934,921)	(510,685)	(104,445,606)
Accum. Def. Income Taxes	(563,420,887)		(563,420,887)
Materials & Supplies	190,390,148	-	190,390,148
Working Capital	<u>45,261,059</u>	<u>-</u>	<u>45,261,059</u>
Total Original Cost Rate Base	<u>3,826,212,901</u>	<u>(13,280,942)</u>	<u>3,812,931,959</u>
 RATE OF RETURN	 8.91%	 8.54%	
RETURN ON EQUITY	10.96%	10.29%	

Supplemental  
Schedule To  
Exhibit A

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ANNUALIZED INTEREST EXPENSE

TWELVE MONTHS ENDED March 31, 2006

RATE BASE	\$ 3,990,226,859
LONG-TERM DEBT RATIO	<u>42.40%</u>
AVERAGE COST OF DEBT	\$ 1,691,856,188
	<u>6.41%</u>
ANNUALIZED INTEREST	\$ 108,447,982
TAX BOOK INTEREST	<u>\$ 123,689,167</u>
INTEREST ADJUSTMENT	<u>\$ (15,241,185)</u>
ADJUSTMENT TO INCOME TAXES:	
STATE INCOME TAX @ 5%	\$ 762,059
FEDERAL INCOME TAX @ 35%	<u>\$ 5,067,694</u>
TOTAL INCOME TAX EFFECT	\$ 5,829,753
RETAIL ELECTRIC RATE BASE PERCENTAGE	<u>95.89%</u>
	<u>\$ 5,590,151</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**PLANT IN SERVICE, CONSTRUCTION WORK IN PROGRESS, AND RESERVE FOR DEPRECIATION**

AT March 31, 2006

	<u>TOTAL PER BOOKS</u> \$	<u>RATIOS</u> %	<u>ALLOCATED TO RETAIL</u> \$
<b><u>ELECTRIC PLANT IN SERVICE</u></b>			
Production	\$ 3,460,414,411	94.41%	\$ 3,266,977,246
Transmission	\$ 625,481,352	94.18%	\$ 589,097,101
Distribution	\$ 1,904,456,898	99.75%	\$ 1,899,600,533
General	\$ 116,784,240	96.00%	\$ 112,114,323
Intangible	\$ 61,342,739	96.00%	\$ 58,889,793
Common	<u>\$ 201,492,448</u>	96.00%	<u>\$ 193,435,256</u>
TOTAL	<u>\$ 6,369,972,088</u>		<u>\$ 6,120,114,252</u>
<b><u>CONSTRUCTION WORK IN PROGRESS</u></b>			
Production	\$ 72,565,195	94.41%	\$ 68,508,800
Transmission	\$ 38,761,041	94.18%	\$ 36,506,311
Distribution	\$ 36,186,614	99.75%	\$ 36,094,338
General	\$ 8,141,253	96.00%	\$ 7,815,704
Intangible	\$ 2,049,293	96.00%	\$ 1,967,347
Common	<u>\$ 11,123,209</u>	96.00%	<u>\$ 10,678,419</u>
TOTAL	<u>\$ 168,826,605</u>		<u>\$ 161,570,920</u>
<b><u>RESERVE FOR DEPRECIATION</u></b>			
Production	\$ 1,111,869,402	94.41%	\$ 1,049,715,902
Transmission	\$ 192,819,266	94.19%	\$ 181,624,179
Distribution	\$ 638,366,773	99.75%	\$ 636,758,089
General	\$ 95,886,298	96.00%	\$ 92,052,039
Common	<u>\$ 66,267,331</u>	96.00%	<u>\$ 63,617,462</u>
TOTAL	<u>\$ 2,105,209,070</u>		<u>\$ 2,023,767,671</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
RETAIL ELECTRIC OPERATIONS**

AT March 31, 2006

<u>NET DEFERRED DEBITS/CREDITS</u>	<u>PER BOOKS ADJ. FOR REGULATORY ORDERS</u>	<u>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS</u>	<u>TOTAL AS ADJUSTED</u>
Environmental	(159,645)	-	(159,645)
FASB 106 Rate Base Reduction	(73,899,208)	(510,685)	(74,409,894)
Major Maintenance Accrual	(5,175,317)	-	(5,175,317)
Storm Reserve	<u>(24,700,750)</u>	<u>-</u>	<u>(24,700,750)</u>
TOTAL	<u>(103,934,921)</u>	<u>(510,685)</u>	<u>(104,445,606)</u>
 <b><u>MATERIALS &amp; SUPPLIES</u></b>			
Nuclear Fuel	29,987,286	-	29,987,286
Fossil Fuel	89,096,967	-	89,096,967
Other Materials & Supplies	<u>71,305,895</u>	<u>-</u>	<u>71,305,895</u>
TOTAL	<u>190,390,148</u>	<u>-</u>	<u>190,390,148</u>
 <b><u>WORKING CAPITAL, OTHER THAN MATERIALS &amp; SUPPLIES</u></b>			
Working Cash	103,169,210	-	103,169,210
Prepayments	<u>17,967,111</u>	<u>-</u>	<u>17,967,111</u>
Total Investor Advanced Funds	121,136,321	-	121,136,321
Less: Customer Deposits	(23,904,730)	-	(23,904,730)
Average Tax Accruals	(46,319,232)	-	(46,319,232)
Injuries & Damages	<u>(5,651,300)</u>	<u>-</u>	<u>(5,651,300)</u>
TOTAL WORKING CAPITAL	<u>45,261,059</u>	<u>-</u>	<u>45,261,059</u>

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ACCOUNTING & PRO FORMA ADJUSTMENTS  
TOTAL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED  
March 31, 2006

D.I. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	DEF. DEBITS/ CREDITS & PAYABLES
1	ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES		2,709,866		192,519	(145,119)	(965,043)				
	A) ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES		(5,857,814)		(494,986)	317,640	2,112,306				
	B) INCENTIVE PAY		4,885,687		412,841	(264,926)	(1,761,761)				
	C) ADOPT SFAS 123-R FOR LONG-TERM AT-RISK PAY										
2	PENSION & HEALTH CARE RELATED ADJUSTMENTS		1,905,754			(95,288)	(633,663)				(534,464)
	A) PENSION INCOME		865,528			(43,276)	(287,788)				
	B) OTHER POST EMPLOYMENT BENEFITS		57,617			(2,881)	(19,158)				(34,545)
	C) HEALTH CARE		(295,597)	(681,576)	4,747,370	47,859	318,260	(4,522,369)	(1,015,143)		
3	ELIMINATE EMPLOYEE CLUBS INVESTMENT & EXPENSES					(237,369)	(1,578,501)	(1,003,907)	(1,003,907)		
4	ADJUST PROPERTY TAXES			9,736,872		(486,844)	(3,237,510)		9,736,872		(401,744)
5	PROPERTY RETIREMENTS										
6	ANNUALIZED DEPRECIATION										
7	CWIP					18,769	124,812				
8	TAX EFFECT OF ANNUALIZED INTEREST					(329,639)	(2,192,098)				
9	PLANT CLOSINGS	(6,592,775)	4,271,041	9,075,298	4,857,744	(1,221,074)	(8,120,143)	(5,124,532)	7,717,822	(436,289)	(534,464)
	TOTAL ADJUSTMENTS										

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ACCOUNTING & PRO FORMA ADJUSTMENTS  
RETAIL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED  
March 31, 2006

ADJ. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	DEF. DEBITS/ CREDITS & PAYABLES
1	ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES		2,589,304		183,954	(138,663)	(922,106)				
A)	ANNUALIZE WAGES, BENEFITS, & PAYROLL TAXES		(5,597,200)		(472,964)	303,508	2,018,330				
B)	INCENTIVE PAY		4,668,323		394,474	(253,140)	(1,683,380)				
C)	ADOPT SFAS 123-R FOR LONG-TERM AT-RISK PAY										
2	PENSION & HEALTH CARE RELATED ADJUSTMENTS		1,820,967			(91,048)	(605,472)				(510,685)
A)	PENSION INCOME		827,021			(41,351)	(274,984)				
B)	OTHER POST EMPLOYMENT BENEFITS		55,054			(2,753)	(18,305)			(33,164)	
C)	HEALTH CARE		(282,446)	(635,121)		45,878	305,091	(4,341,530)	(974,550)		
3	ELIMINATE EMPLOYEE CLUBS INVESTMENT & EXPENSES				4,557,535	(227,877)	(1,515,380)	(963,706)	(963,706)		
4	ADJUST PROPERTY TAXES			9,370,113					9,370,113		
5	PROPERTY RETIREMENTS					(468,506)	(3,115,563)			(408,121)	
6	ANNUALIZED DEPRECIATION							408,121			
7	CWIP					17,988	119,619				
8	TAX EFFECT OF ANNUALIZED INTEREST	(6,329,146)				(316,457)	(2,104,441)				
9	PLANT CLOSINGS										
	TOTAL ADJUSTMENTS	(6,329,146)	4,081,022	8,734,992	4,662,998	(1,172,420)	(7,796,594)	(4,899,115)	7,431,857	(439,285)	(510,685)

## EXHIBIT B

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
CAPITAL STRUCTURE  
AT March 31, 2006

<u>RETAIL ELECTRIC</u>	<u>CAPITALIZATION</u>	<u>RATIO</u>	<u>EMBEDDED</u> <u>COST/RATE</u>	<u>OVERALL</u> <u>COST/RATE</u>
	\$	%	%	%
LONG-TERM DEBT	1,830,462,526	42.40	6.41	2.72
PREFERRED STOCK	114,920,650	2.66	6.41	0.17
COMMON EQUITY	<u>2,372,240,900</u>	<u>54.94</u>	<b>10.29</b>	<u>5.65</u>
TOTAL	<u>4,317,624,076</u>	<u>100.00</u>		<u>8.54</u>



**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED March 31, 2006**

NET INCOME AFTER DIV. OF PREF. STOCK	\$248,187,451
EARNINGS PER SHARE	\$2.17
AVG. NUMBER OF SHARES OUTSTANDING	114,320,195

## EXHIBIT D

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
 RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>  
 TWELVE MONTHS ENDED March 31, 2006

LINE NO.		<u>\$000's</u>
1	EARNINGS	
2	Net Income	330,513
3	Losses from Equity Investees	18,920
4	Total Fixed Charges, As Below	<u>140,561</u>
5	TOTAL EARNINGS	<u>489,994</u>
6	FIXED CHARGES	
7	Interest on Long-Term Debt	120,358
8	Other Interest	12,226
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	3,885
10	Rental Int. Portion	4,092
11	Distribution on Trust Preferred	<u>-</u>
12	TOTAL FIXED CHARGES	140,561
13	Pre-tax earnings required to pay Preference Security Dividend	<u>11,810</u>
14	Total Fixed Charges and Preference Security Dividend	<u>152,371</u>
15	RATIO OF EARNINGS TO FIXED CHARGES	3.22
16	<sup>1</sup> - SEC COVERAGE	

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**TOTAL GAS DISTRIBUTION - OPERATING EXPERIENCE**  
**12 MONTHS ENDED**  
**December, 2006**

DESCRIPTION	PER BOOKS ADJ FOR REGULATORY ORDERS	ACCOUNTING & PRO FORMA ADJUSTMENTS	TOTAL AS ADJUSTED
	COL A	COL B	COL C
	\$	\$	\$
<b>OPERATING REVENUES</b>	<b>507,582,129</b>	<b>15,154,216</b>	<b>522,736,345</b>
<b>OPERATING EXPENSES</b>			
Cost of Gas	398,507,590		398,507,590
Other O&M Expenses	53,899,682	554,154	54,453,836
Deprec. & Amort. Expenses	17,469,090	2,804,229	20,273,319
Taxes Other Than Income	12,766,341	1,522,759	14,289,100
Income Taxes	4,428,277	3,958,571	8,386,848
<b>Total Operating Expenses</b>	<b>487,070,981</b>	<b>8,839,713</b>	<b>495,910,694</b>
Operating Return	20,511,148	6,314,503	26,825,650
Int. on Cust. Deposits Net	(125,397)		(125,397)
<b>Total Income For Return</b>	<b>20,385,751</b>	<b>6,314,503</b>	<b>26,700,253</b>
<b>ORIGINAL COST RATE BASE</b>			
Gross Plant in Service	629,277,594	(328,886)	628,948,708
Reserve for Depre.	261,630,480	2,314,549	263,945,029
<b>Net Plant</b>	<b>367,647,114</b>	<b>(2,643,435)</b>	<b>365,003,679</b>
CWIP	9,491,782	(389,147)	9,102,635
Accum. Def. Income Taxes	(42,374,735)	0	(42,374,735)
Net Deferred Debits / Credits	(4,976,830)	848	(4,975,982)
Materials & Supplies	62,521,549	0	62,521,549
Working Capital	(8,661,380)	69,269	(8,592,111)
<b>Total Original Cost Rate Base</b>	<b>383,647,499</b>	<b>(2,962,465)</b>	<b>380,685,035</b>
<b>RATE OF RETURN</b>	<b>5.31%</b>		<b>7.01%</b>
<b>RETURN ON EQUITY</b>	<b>4.60%</b>		<b>7.64%</b>

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## SOUTH CAROLINA ELECTRIC &amp; GAS COMPANY

13 MONTHS ENDED

December, 2006

ACCOUNT	TOTAL GAS REVENUE	OWNED EXPENSES	DEPRECIATION AND OTHER EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPRE.	ACCUM. DEFERRED INCOME TAX	GWIP	DEBTS	MATERIALS & SUPPLIES	WORKING CAPITAL
1	ADJUST LATERAL CUSTOMER REVENUE FOR TARIFF RATES	604,877		3,188	30,084	200,062							-
2	ANNUALIZED WAGES, BENEFITS AND PAYROLL TAXES	250,273		17,774	(13,402)	(89,126)							31,284
3	REMOVAL OF 50% OF INCENTIVE PAY		(147,196)		8,102	53,881							(18,400)
4	REMOVAL OF 72.75% UNCOLLECTIBLES		(811,896)		40,595	269,955							(101,487)
5	ANNUALIZE PENSION INCOME		(355,124)		17,756	119,079							(44,391)
6	ANNUALIZE OTHER POST-EMPLOYEE BENEFITS		1,374		(69)	(457)					848		172
7	EMPLOYEE CLUBS		(60,408)		6,940	46,150	(535,106)	(122,620)					(7,551)
8	RECOGNIZE PROPERTY RETIREMENTS, DEPRECIATION RESERVES				-	-	(182,927)	(182,927)					-
9	RECOGNIZE PROPERTY ADDITIONS/RETIREMENTS, PLANT IN SERVICE				-	-	389,147			(389,147)			-
10	ANNUALIZED DEPRECIATION-ADJUST RESERVE				(82,375)	(547,796)		1,647,506					-
11	PROPERTY TAXES			1,439,974	(71,999)	(478,791)							-
12	AMORTIZATION EXPENSE FOR REGULATORY ASSET - PROPANE AIR PLANT		262,522		(13,126)	(87,289)							190,079
13	LING ASSETS - INCREASE EXPENSE	1,520,635	972,590		(124,661)	(828,997)		972,590					-
14	TAX EFFECT OF ANNUALIZED INTEREST				3,807	25,314							-
15	APPROVED REVENUE INCREASE - 2006 RSA Case	14,378,082		75,772	715,115	4,755,518							-
16	NEW INDUSTRIAL CONTRACT	171,257		903	8,518	55,643							-
17	HEALTH CARE RELATED ADJUSTMENTS		156,498		(7,825)	(52,035)							19,562
	TOTAL ADJUSTMENTS	16,164,216	554,164	1,522,759	617,460	3,441,111	(328,866)	2,314,549	-	(389,147)	848	-	69,269

SUPPLEMENTAL  
SCHEDULE  
TO EXHIBIT A

SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
GAS ANNUALIZED INTEREST EXPENSE  
12 MONTHS ENDED  
December, 2006

RATE BASE	\$383,647,499
LONG-TERM DEBT RATIO	<u>0.4145</u>
	\$159,019,943
AVERAGE COST OF DEBT	<u>0.0620</u>
ANNUALIZED INTEREST	\$9,859,236
TAX BOOK INTEREST	\$9,513,737
INTEREST ADJUSTMENT	<u>\$345,499</u>
ADJUSTMENT TO INCOME TAXES:	
STATE INCOME TAX	<u>(\$17,275)</u>
FEDERAL INCOME TAX	<u>(\$114,879)</u>
TOTAL INCOME TAX EFFECT	<u>(\$132,154)</u>

SUPPLEMENTAL  
SCHEDULE  
TO EXHIBIT A

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
RATE BASE DETAIL TOTAL GAS OPERATIONS  
12 MONTHS ENDED  
December, 2006

NET DEFERRED DEBITS/CREDITS	PER BOOKS ADJ. FOR REGULATORY ORDERS	ACCOUNTING & PRO FORMA ADJUSTMENTS	TOTAL AS ADJUSTED
	\$	\$	\$
ENVIRONMENTAL	2,855,646	0	2,855,646
PROPANE AIR PLANTS	2,153,976	0	2,153,976
FSB 106 RATE BASE REDUCTION	(9,986,452)	848	(9,985,604)
TOTAL	(4,976,830)	848	(4,975,982)
<b><u>MATERIALS &amp; SUPPLIES</u></b>			
NATURAL GAS STORAGE	61,909,075	0	61,909,075
OTHER M&S	612,474	0	612,474
TOTAL	62,521,549	0	62,521,549
<b><u>WORKING CAPITAL</u></b>			
WORKING CASH	6,737,460	69,269	6,806,730
PREPAYMENTS	(1,380,064)	0	(1,380,064)
CUSTOMER DEPOSITS	(6,848,577)	0	(6,848,577)
AVERAGE TAX ACCRUALS	(6,416,194)	0	(6,416,194)
LITIGATIONS & DAMAGES	(754,006)	0	(754,006)
TOTAL WORKING CAPITAL	(8,661,380)	69,269	(8,592,111)

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**WEIGHTED COST OF CAPITAL**

	AMOUNT PER BOOKS Dec-06 (COL-1)	CAPITALIZATION RATIO (COL-2) %	COST OF DEBT RETURN ON EQUITY (COL-3) %	WEIGHTED COST OF CAPITAL (COL-4) %
LONG-TERM DEBT	1,821,488,439	41.45%	6.20%	2.57%
PREFERRED STOCK	114,620,250	2.61%	6.41%	0.17%
COMMON EQUITY	2,458,368,317	55.94%	7.64%	4.27%
TOTAL	<u>4,394,477,006</u>	<u>100.00%</u>		<u>7.01%</u>

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED December 31, 2006**

NET INCOME AFTER DIV. OF PREF. STOCK	\$227,310,334
EARNINGS PER SHARE	\$1.96
AVG. NUMBER OF SHARES OUTSTANDING	115,794,645



## EXHIBIT D

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
 RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>  
 TWELVE MONTHS ENDED December 31, 2006

LINE NO.		<u>\$000's</u>
1	EARNINGS	
2	Net Income	321,829
3	Losses from Equity Investees	21,852
4	Total Fixed Charges, As Below	<u>142,531</u>
5	TOTAL EARNINGS	<u>486,212</u>
6	FIXED CHARGES	
7	Interest on Long-Term Debt	121,284
8	Other Interest	13,387
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	3,622
10	Rental Int. Portion	4,238
11	Distribution on Trust Preferred	<u>-</u>
12	TOTAL FIXED CHARGES	142,531
13	Pre-tax earnings required to pay Preference Security Dividend	<u>11,783</u>
14	Total Fixed Charges and Preference Security Dividend	<u>154,314</u>
15	RATIO OF EARNINGS TO FIXED CHARGES	3.15
16	<sup>1</sup> - SEC COVERAGE	

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**TOTAL GAS DISTRIBUTION - OPERATING EXPERIENCE**  
**12 MONTHS ENDED**  
**September, 2006**

DESCRIPTION	PER BOOKS ADJ FOR REGULATORY ORDERS	ACCOUNTING & PRO FORMA ADJUSTMENTS	TOTAL AS ADJUSTED
	COL A	COL B	COL C
	\$	\$	\$
<b>OPERATING REVENUES</b>	<b>548,716,039</b>	<b>20,801,412</b>	<b>569,517,451</b>
<b>OPERATING EXPENSES</b>			
Cost of Gas	446,282,435		446,282,435
Other O&M Expenses	52,248,190	1,372,120	53,620,310
Deprec. & Amort. Expenses	16,878,117	2,847,988	19,726,105
Taxes Other Than Income	12,870,415	1,180,174	14,050,589
Income Taxes	3,561,961	5,202,370	8,764,331
Total Operating Expenses	531,841,118	10,602,652	542,443,770
Operating Return	16,874,921	10,198,759	27,073,681
Int. on Cust. Deposits Net	(120,244)		(120,244)
Total Income For Return	16,754,677	10,198,759	26,953,436
<b>ORIGINAL COST RATE BASE</b>			
Gross Plant in Service	573,047,152	46,245,358	619,292,510
Reserve for Depre.	228,147,999	30,980,126	259,128,125
Net Plant	344,899,153	15,265,232	360,164,385
CWIP	4,761,796	(380,637)	4,381,159
Accum. Def. Income Taxes	(39,973,235)	0	(39,973,235)
Net Deferred Debits / Credits	(4,722,457)	50,924	(4,671,533)
Materials & Supplies	784,980	54,764,575	55,549,555
Working Capital	(7,537,953)	171,515	(7,366,438)
Total Original Cost Rate Base	298,212,285	69,871,609	368,083,894
<b>RATE OF RETURN</b>	<b>5.62%</b>		<b>7.32%</b>
<b>RETURN ON EQUITY</b>	<b>5.14%</b>		<b>8.20%</b>

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SOUTH CAROLINA ELECTRIC & GAS COMPANY  
12 MONTHS ENDED  
September, 2006

ACCOUNT DESCRIPTION	TOTAL GAS REVENUE	DEPRECIATION & AMORTIZATION EXPENSES	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 6.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPRECIATION	ACCUM. DEFERRED INCOME TAX	CHWIP	DEFERRED	MATERIALS & SUPPLIES	WORKING CAPITAL
ADJUST LATERAL CUSTOMER REVENUE FOR TARIFF RATES	606,343		3,195	30,157	200,547							-
ANNUALIZED WAGES, BENEFITS AND PAYROLL TAXES		581,779	41,359	(31,157)	(207,193)							72,722
REMOVAL OF 50% OF INCENTIVE PAY		(418,335)	(33,058)	22,570	150,089							(52,295)
ADOPTION OF SFAS 123-R FOR LONG TERM INCENTIVE PLAN		(909,787)	-	45,488	302,498							(113,722)
ANNUALIZE PENSION INCOME		111,143		(5,557)	(36,955)							13,895
ANNUALIZE OTHER POST-EMPLOYEE BENEFITS		82,468		(4,123)	(27,421)				50,924			10,301
ADJUST LONG TERM DISABILITY AMORTIZATION				(565)	(3,757)				(3,254)			(6,822)
EMPLOYEE CLUBS		(54,575)		6,605	43,922	(529,374)	(120,317)					-
AMORTIZED MGP REMEDIATION COSTS			43,505	(2,175)	(14,465)							-
ANNUALIZE COSTS FOR PIPELINE INTEGRITY		222,652		(11,133)	(74,032)							27,831
RECOGNIZE PROPERTY RETIREMENTS, DEPRECIATION RESERVES				-	-	(12,384)	(12,384)					-
RECOGNIZE PROPERTY ADDITIONS/RETIREMENTS, PLANT IN SERVICE				-	-	136,804			(135,804)			-
ANNUALIZED DEPRECIATION-ADJUST RESERVE			524,352	(82,239)	(546,891)		1,644,785					-
PROPERTY TAXES				(26,218)	(174,347)							-
REGULATORY ASSET FOR UNRECOVERED PLANT - PROPANE AIR BALANCE				(17,928)	(119,224)	46,409,733	29,464,978				13,912,816	215,255
LNG ASSETS - Gross Plant		1,722,049	530,465	(155,835)	(1,036,303)						40,851,759	-
UPSTREAM ASSETS TRANSFERRED FROM SOFC				(90,008)	(598,554)							-
TAX EFFECT OF ANNUALIZED INTEREST			11,414	107,724	716,362							-
APPROVED REVENUE INCREASE - 2005 Rate Case	2,165,886											-
APPROVED REVENUE INCREASE - 2006 RSA Case	17,437,396		91,895	867,275	5,767,379							-
REFUNDS RELATED TO PRIOR PERIOD	116,786		615	5,809	39,627							-
EXPENSES RELATED TO 2005 GAS RATE CASE		(173,939)		8,697	57,835							(21,742)
NEW INDUSTRIAL CONTRACT			9,936	23,095	153,592	240,579	3,164			(240,579)		-
PENSION & HEALTH CARE RELATED ADJUSTMENTS	475,000			(10,432)	(69,375)							26,087
TOTAL ADJUSTMENTS	20,801,412	1,372,120	1,180,174	680,048	4,522,322	48,246,368	30,980,126	-	(380,637)	60,924	64,764,676	171,511

SUPPLEMENTAL  
SCHEDULE  
TO EXHIBIT A

SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
GAS ANNUALIZED INTEREST EXPENSE  
12 MONTHS ENDED  
September, 2006

RATE BASE	\$298,212,285
LONG-TERM DEBT RATIO	<u>0.4162</u>
	\$124,121,151
AVERAGE COST OF DEBT	<u>0.0619</u>
ANNUALIZED INTEREST	\$7,683,099
TAX BOOK INTEREST	\$9,484,457
INTEREST ADJUSTMENT	<u>(\$1,801,358)</u>
ADJUSTMENT TO INCOME TAXES:	
STATE INCOME TAX	<u>\$90,068</u>
FEDERAL INCOME TAX	<u>\$598,951</u>
TOTAL INCOME TAX EFFECT	<u>\$689,019</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**RATE BASE DETAIL TOTAL GAS OPERATIONS**  
**12 MONTHS ENDED**  
**September, 2006**

NET DEFERRED DEBITS/CREDITS	PER BOOKS ADJ. FOR REGULATORY ORDERS	ACCOUNTING & PRO-FORMA ADJUSTMENTS	TOTAL AS ADJUSTED
	\$	\$	\$
ENVIRONMENTAL	2,711,152	0	2,711,152
PROPANE AIR PLANTS	2,250,022	0	2,250,022
FSB 106 RATE BASE REDUCTION	(9,683,631)	50,924	(9,632,707)
TOTAL	<u>(4,722,457)</u>	<u>50,924</u>	<u>(4,671,533)</u>
<b><u>MATERIALS &amp; SUPPLIES</u></b>			
NATURAL GAS STORAGE	0	54,764,575	54,764,575
OTHER M&S	784,980	0	784,980
TOTAL	<u>784,980</u>	<u>54,764,575</u>	<u>55,549,555</u>
<b><u>WORKING CAPITAL</u></b>			
WORKING CASH	6,531,024	171,515	6,702,539
PREPAYMENTS	(1,221,389)	0	(1,221,389)
CUSTOMER DEPOSITS	(6,637,604)	0	(6,637,604)
AVERAGE TAX ACCRUALS	(5,559,027)	0	(5,559,027)
INJURIES & DAMAGES	(650,957)	0	(650,957)
TOTAL WORKING CAPITAL	<u>(7,537,953)</u>	<u>171,515</u>	<u>(7,366,438)</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
WEIGHTED COST OF CAPITAL**

	AMOUNT PER BOOKS Jan-00 (COL 1)	CAPITALIZATION RATIO (COL 2) %	COST OF DEBT RETURN ON EQUITY (COL 3) %	WEIGHTED COST OF CAPITAL (COL 4) %
LONG-TERM DEBT	1,821,488,439	41.62%	6.19%	2.58%
PREFERRED STOCK	114,620,250	2.62%	6.41%	0.17%
COMMON EQUITY	2,440,181,928	55.76%	8.20%	4.57%
TOTAL	<u>4,376,290,617</u>	<u>100.00%</u>		<u>7.32%</u>

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED September 30, 2006**

NET INCOME AFTER DIV. OF PREF. STOCK	\$247,454,397
EARNINGS PER SHARE	\$2.15
AVG. NUMBER OF SHARES OUTSTANDING	115,291,968

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
 RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>  
 TWELVE MONTHS ENDED September 30, 2006

LINE NO.		<u>\$000's</u>
1	EARNINGS	
2	Net Income	341,009
3	Losses from Equity Investees	21,181
4	Total Fixed Charges, As Below	<u>142,228</u>
5	TOTAL EARNINGS	<u>504,418</u>
6	FIXED CHARGES	
7	Interest on Long-Term Debt	120,360
8	Other Interest	13,551
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	3,692
10	Rental Int. Portion	4,625
11	Distribution on Trust Preferred	<u>-</u>
12	TOTAL FIXED CHARGES	142,228
13	Pre-tax earnings required to pay Preference Security Dividend	<u>11,793</u>
14	<b>Total Fixed Charges and Preference Security Dividend</b>	<u>154,021</u>
15	RATIO OF EARNINGS TO FIXED CHARGES	3.27
16	<sup>1</sup> - SEC COVERAGE	



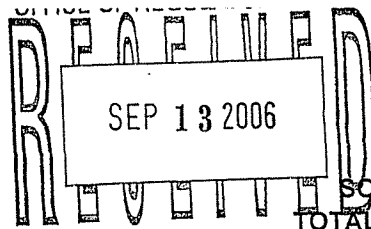


EXHIBIT A

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
TOTAL GAS DISTRIBUTION - OPERATING EXPERIENCE  
12 MONTHS ENDED  
June, 2006

DESCRIPTION	PER BOOKS ADJ. FOR REGULATORY ORDERS	ACCOUNTING & PRO FORMA ADJUSTMENTS	TOTAL AS ADJUSTED
	COL. A	COL. B	COL. C
	\$	\$	\$
<u>OPERATING REVENUES</u>	<u>550,502,899</u>	<u>5,814,921</u>	<u>556,317,820</u>
<u>OPERATING EXPENSES</u>			
Cost of Gas	451,504,428		451,504,428
Other O&M Expenses	51,343,558	1,591,917	52,935,475
Deprec. & Amort. Expenses	16,284,938	3,174,377	19,459,315
Taxes Other Than Income	11,621,773	2,248,941	13,870,714
Income Taxes	4,738,645	(1,105,154)	3,633,491
Total Operating Expenses	<u>535,493,342</u>	<u>5,910,081</u>	<u>541,403,423</u>
Operating Return	15,009,557	(95,160)	14,914,397
Int. on Cust. Deposits Net	(117,411)		(117,411)
Total Income For Return	<u>14,892,146</u>	<u>(95,160)</u>	<u>14,796,986</u>
<u>ORIGINAL COST RATE BASE</u>			
Gross Plant in Service	567,532,251	46,750,982	614,283,233
Reserve for Depre.	<u>226,038,183</u>	<u>31,392,426</u>	<u>257,430,609</u>
Net Plant	341,494,068	15,358,556	356,852,624
CWIP	5,103,717	(687,367)	4,416,350
Accum. Def. Income Taxes	(44,718,435)	0	(44,718,435)
Net Deferred Debits / Credits	(4,597,977)	(79,837)	(4,677,814)
Materials & Supplies	1,042,087	49,910,573	50,952,660
Working Capital	(7,071,766)	198,990	(6,872,776)
Total Original Cost Rate Base	<u>291,251,693</u>	<u>64,700,915</u>	<u>355,952,608</u>
 RATE OF RETURN	 5.11%		 4.16%
RETURN ON EQUITY	<u>4.23%</u>		<u>2.50%</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**TOTAL GAS DISTRIBUTION - OPERATING EXPERIENCE**  
**12 MONTHS ENDED**  
**June, 2006**

DESCRIPTION	PER BOOKS ADJ. FOR REGULATORY ORDERS	ACCOUNTING & PRO FORMA ADJUSTMENTS	TOTAL AS ADJUSTED
	COL. A	COL. B	COL. C
	\$	\$	\$
<b>OPERATING REVENUES</b>	<u>550,502,899</u>	<u>5,814,921</u>	<u>556,317,820</u>
<b>OPERATING EXPENSES</b>			
Cost of Gas	451,504,428		451,504,428
Other O&M Expenses	51,343,558	1,591,917	52,935,475
Deprec. & Amort. Expenses	16,284,938	3,174,377	19,459,315
Taxes Other Than Income	11,621,773	2,248,941	13,870,714
Income Taxes	<u>4,738,645</u>	<u>(1,105,154)</u>	<u>3,633,491</u>
Total Operating Expenses	<u>535,493,342</u>	<u>5,910,081</u>	<u>541,403,423</u>
Operating Return	15,009,557	(95,160)	14,914,397
Int. on Cust. Deposits Net	(117,411)		(117,411)
Total Income For Return	<u>14,892,146</u>	<u>(95,160)</u>	<u>14,796,986</u>
<b>ORIGINAL COST RATE BASE</b>			
Gross Plant in Service	567,532,251	46,750,982	614,283,233
Reserve for Depre.	<u>226,038,183</u>	<u>31,392,426</u>	<u>257,430,609</u>
Net Plant	341,494,068	15,358,556	356,852,624
CWIP	5,103,717	(687,367)	4,416,350
Accum. Def. Income Taxes	(44,718,435)	0	(44,718,435)
Net Deferred Debits / Credits	(4,597,977)	(79,837)	(4,677,814)
Materials & Supplies	1,042,087	49,910,573	50,952,660
Working Capital	<u>(7,071,766)</u>	<u>198,990</u>	<u>(6,872,776)</u>
Total Original Cost Rate Base	<u>291,251,693</u>	<u>64,700,915</u>	<u>355,952,608</u>
<b>RATE OF RETURN</b>	5.11%		4.16%
<b>RETURN ON EQUITY</b>	<u>4.23%</u>		<u>2.50%</u>

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SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
GAS ANNUALIZED INTEREST EXPENSE  
12 MONTHS ENDED  
June, 2006

RATE BASE	\$291,251,693
LONG-TERM DEBT RATIO	<u>0.4217</u>
	\$122,826,337
AVERAGE COST OF DEBT	<u>0.0619</u>
ANNUALIZED INTEREST	\$7,602,950
TAX BOOK INTEREST	\$9,483,793
INTEREST ADJUSTMENT	<u>(\$1,880,843)</u>
ADJUSTMENT TO INCOME TAXES:	
STATE INCOME TAX	<u>\$94,042</u>
FEDERAL INCOME TAX	<u>\$625,380</u>
TOTAL INCOME TAX EFFECT	<u>\$719,422</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**RATE BASE DETAIL TOTAL GAS OPERATIONS**  
**12 MONTHS ENDED**  
**June, 2006**

NET DEFERRED DEBITS/CREDITS	PER BOOKS ADJ. FOR REGULATORY ORDERS	ACCOUNTING & PRO FORMA ADJUSTMENTS	TOTAL AS ADJUSTED
	\$	\$	\$
ENVIRONMENTAL	2,595,522	0	2,595,522
PROPANE AIR PLANTS	2,315,333	0	2,315,333
FSB 106 RATE BASE REDUCTION	(9,508,832)	(79,837)	(9,588,669)
TOTAL	<u>(4,597,977)</u>	<u>(79,837)</u>	<u>(4,677,814)</u>
<b><u>MATERIALS &amp; SUPPLIES</u></b>			
NATURAL GAS STORAGE	596,681	49,910,573	50,507,254
OTHER M&S	445,405		445,405
TOTAL	<u>1,042,087</u>	<u>49,910,573</u>	<u>50,952,660</u>
<b><u>WORKING CAPITAL</u></b>			
WORKING CASH	6,417,945	198,990	6,616,934
PREPAYMENTS	(1,063,939)		(1,063,939)
CUSTOMER DEPOSITS	(6,467,787)		(6,467,787)
AVERAGE TAX ACCRUALS	(5,436,756)		(5,436,756)
INJURIES & DAMAGES	(521,228)		(521,228)
TOTAL WORKING CAPITAL	<u>(7,071,766)</u>	<u>198,990</u>	<u>(6,872,776)</u>

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
12 MONTHS ENDED  
June, 2006

ADJ. #	DESCRIPTION	TOTAL GAS REVENUE	LOG-M EXPENSES	DEPRE. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM. DEPRE.	GWIP	OPER. S.	MATERIALS & SUPPLIES	PEAK 15 WORKING CAPITAL
1	ADJUST LATERAL CUSTOMER REVENUE FOR TARIFF RATES	494,536			2,606	24,596	163,567						-
2A	ANNUALIZED WAGES, BENEFITS AND PAYROLL TAXES		436,924		31,064	(23,399)	(155,606)						54,616
2B	REMOVAL OF 50% OF INCENTIVE PAY		(593,050)		(47,948)	32,050	213,132						(74,131)
3A	ANNUALIZE PENSION INCOME		190,108			(9,505)	(63,211)				(79,837)		23,764
3B	ANNUALIZE OTHER POST-EMPLOYEE BENEFITS		129,291			(6,465)	(42,989)						16,161
4	ADJUST LONG TERM DISABILITY AMORTIZATION		(53,982)	45,200		(2,260)	(15,029)	(522,310)	(117,784)	(7,519)			(6,748)
5	EMPLOYEE CLUBS			(76,453)		6,522	43,370						-
6	AMORTIZED MGP REMEDIATION COSTS			214,475		(10,724)	(71,313)						55,693
8	ANNUALIZE COSTS FOR PIPELINE INTEGRITY		445,544			(22,277)	(148,143)	(14,031)					-
9A	RECOGNIZE PROPERTY ADDITIONS READY to be TRANSFERRED FROM					-	-	439,894	-	(439,894)			-
9B	RECOGNIZE PROPERTY ADDITIONS READY to be TRANSFERRED FROM					-	-		2,027,254				-
10	ANNUALIZED DEPRECIATION-ADJUST RESERVE			2,027,254	1,690,437	(101,363)	(674,062)						-
11	PROPERTY TAXES					(84,522)	(562,070)						-
	REGULATORY ASSET FOR UNRECOVERD PROPANE AIR PLANT												-
12A	BALANCE		1,530,866	384,180	534,715	(19,209)	(127,740)	46,573,993	29,493,391			12,769,904	191,358
12B	ADD LNG ASSETS			576,125								37,140,669	-
12C	ADD UPSTREAM ASSETS TRANSFERRED FROM SCPC												-
13	TAX EFFECT OF ANNUALIZED INTEREST				23,743	(84,449)	(561,585)						-
14	APPROVED REVENUE INCREASE	4,505,366				224,081	1,490,140						-
15	REFUNDS RELATED TO PRIOR PERIOD	515,019			2,714	25,615	170,341						-
16	EXPENSES RELATED TO 2005 GAS RATE CASE	-	(493,784)		-	24,689	164,183						(61,723)
17	NEW INDUSTRIAL CONTRACT	300,000		3,596	11,609	14,240	94,694	273,436	3,596	(239,954)			-
18	TOTAL ADJUSTMENTS	5,814,921	1,591,917	3,174,377	2,248,941	(144,465)	(960,690)	46,750,982	31,392,426	(687,367)	(79,837)	49,910,573	198,990

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
WEIGHTED COST OF CAPITAL  
AS OF  
June, 2006

TOTAL GAS	CAPITALIZATION	RATIO	EMBEDDED COST/RATE	OVERALL COST/RATE
	\$	%	%	%
LONG-TERM DEBT	1,824,691,526	42.17%	6.19%	2.61%
PREFERRED STOCK	114,700,650	2.65%	6.41%	0.17%
COMMON EQUITY	2,387,403,779	55.18%	2.50%	1.38%
TOTAL	4,326,795,955	100.00%		4.16%

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED June 30, 2006**

NET INCOME AFTER DIV. OF PREF. STOCK	\$260,790,127
EARNINGS PER SHARE	\$2.27
AVG. NUMBER OF SHARES OUTSTANDING	114,800,754

## EXHIBIT D

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
 RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>  
 TWELVE MONTHS ENDED June 30, 2006

LINE NO.		<u>\$000's</u>
1	EARNINGS	
2	Net Income	- 363,043
3	Losses from Equity Investees	18,710
4	Total Fixed Charges, As Below	<u>140,977</u>
5	TOTAL EARNINGS	<u>522,730</u>
6	FIXED CHARGES	
7	Interest on Long-Term Debt	119,401
8	Other Interest	13,579
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	3,772
10	Rental Int. Portion	4,225
11	Distribution on Trust Preferred	<u>-</u>
12	TOTAL FIXED CHARGES	140,977
13	Pre-tax earnings required to pay Preference Security Dividend	<u>11,801</u>
14	<b>Total Fixed Charges and Preference Security Dividend</b>	<u>152,778</u>
15	RATIO OF EARNINGS TO FIXED CHARGES	3.42
16	<sup>1</sup> - SEC COVERAGE	



## CERTIFICATION

I, Alice A. Fox, certify that:

1. I have reviewed this Quarterly Report of Total Gas Operations for South Carolina Electric & Gas Company for the twelve month period ending June 30, 2006;
2. Based on my knowledge, the financial information contained in this Quarterly Report fairly presents in all material respects the income for return, original cost rate base, capitalization, overall rate of return and return on common equity as of, and for, the period reported;
3. The Per Book financial information contained in this Quarterly Report has been accurately derived from the books and records of the Company;
4. The Accounting and Pro Forma Adjustments have been prepared consistent with applicable orders and past practices of the Public Service Commission of South Carolina or otherwise meet the known and measurable standard for appropriately adjusting and normalizing Per Book financial information;

Date: September 13, 2006



Alice A. Fox  
Manager – Gas Rates & Regulatory Accounting

## CERTIFICATION

I, Kenneth R. Jackson, certify that:

1. I have reviewed this Quarterly Report of Retail Electric Operations and this Quarterly Report of Total Gas Operations for South Carolina Electric & Gas Company for the twelve month period ending June 30, 2006;
2. Based on my knowledge, the financial information contained in these Quarterly Reports fairly presents in all material respects the income for return, original cost rate base, capitalization, overall rate of return and return on common equity as of, and for, the period reported;
3. The Per Book financial information contained in these Quarterly Reports has been accurately derived from the books and records of the Company;
4. The Accounting and Pro Forma Adjustments have been prepared consistent with applicable orders and past practices of the Public Service Commission of South Carolina or otherwise meet the known and measurable standard for appropriately adjusting and normalizing Per Book financial information;
5. The allocation of Total Electric financial information to Retail Electric Operations has been conducted consistent with applicable orders and past practices of the Public Service Commission of South Carolina.

Date: September 13, 2006



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Kenneth R. Jackson  
Director – Rate & Regulatory Affairs

South Carolina Electric & Gas Company  
Operating Experience - Total Gas  
For the Test Year Ended March 31, 2006

Description	Per Regulatory Books	Accounting & Pro Forma Adjustments	As Adjusted	Total Proposed Increase	Total After Settlement Increases
<b>Operating Revenues</b>	\$ 546,128,364	\$ 10,779,432 (A)	\$ 556,907,796	\$ 18,175,727	\$ 575,083,523
<b>Operating Expenses:</b>					
O&M Expenses - Cost of Gas	450,424,300		450,424,300		450,424,300
O&M Expenses - Other	50,190,878	1,262,941 (B)	51,453,819		51,453,819
Dep. & Amort. Expenses	15,621,961	3,773,154 (C)	19,395,115		19,395,115
Taxes Other Than Income	11,602,259	2,088,332 (D)	13,690,591	95,786	13,786,377
Total Income Taxes	2,650,997	841,271 (E)	3,492,268	6,915,502	10,407,770
<b>Total Operating Expenses</b>	<b>530,490,395</b>	<b>7,965,698</b>	<b>538,456,093</b>	<b>7,011,288</b>	<b>545,467,381</b>
<b>Total Operating Income</b>	<b>15,637,969</b>	<b>2,813,734</b>	<b>18,451,703</b>	<b>11,164,440</b>	<b>29,616,143</b>
Interest on Customer Deposits	(108,558)	-	(108,558)		(108,558)
<b>Net Income for Return</b>	<b>15,529,411</b>	<b>2,813,734</b>	<b>18,343,145</b>	<b>11,164,440</b>	<b>29,507,585</b>
<b>Rate Base:</b>					
Gross Plant in Service	572,377,120	35,449,827 (F)	608,826,947		608,826,947
Reserve for Depreciation	(228,899,606)	(26,632,855) (G)	(255,532,461)		(255,532,461)
Net Plant in Service	343,477,514	9,816,972	353,294,486		353,294,486
Construction Work in Process	5,129,739	(794,939) (H)	4,334,800		4,334,800
Accum. Deferred Income Taxes	(44,218,935)		(44,218,935)		(44,218,935)
Environmental Costs	2,900,850		2,900,850		2,900,850
OPEB's	(9,337,330)	(86,840) (I)	(9,424,170)		(9,424,170)
Reg. Asset for Unrec'd PAP	-	2,156,119 (J)	2,156,119		2,156,119
Injuries & Damages	(387,374)		(387,374)		(387,374)
Materials & Supplies	1,245,744	42,314,344 (K)	43,560,088		43,560,088
Total Working Capital	6,273,860	157,868 (L)	6,431,728		6,431,728
Prepayments	(912,426)		(912,426)		(912,426)
Average Tax Accruals	(5,293,597)		(5,293,597)		(5,293,597)
Customer Deposits	(6,108,406)		(6,108,406)		(6,108,406)
<b>Total Rate Base</b>	<b>292,769,639</b>	<b>53,563,524</b>	<b>346,333,163</b>	<b>-</b>	<b>346,333,163</b>
<b>Rate of Return</b>	<b>5.30%</b>		<b>5.30%</b>		<b>8.52%</b>
<b>Return on Equity</b>	<b>4.40%</b>		<b>4.38%</b>		<b>10.25%</b>

Note - Per Book Return on Rate Base computed per Company based on per book Total Operating Income and Total Rate Base

SCE&G  
Weighted Cost of Capital  
At March 31, 2006

Description	Capital Structure	Ratio	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 1,830,462,526	42.40%	\$ 146,828,410	6.41%	2.72%	\$ 9,411,701
Preferred Stock	114,920,850	2.66%	9,218,225	6.41%	0.17%	590,888
Common Equity	2,372,240,900	54.94%	190,286,528	10.25%	5.63%	19,504,998
<b>Totals</b>	<b>\$ 4,317,624,076</b>	<b>100.00%</b>	<b>\$ 346,333,163</b>		<b>8.52%</b>	<b>\$ 29,507,585</b>

**South Carolina Electric & Gas Company**  
**Explanation of Accounting and Pro Forma Adjustments**  
**For the Test Year Ended March 31, 2006**

Exhibit A-2  
Page 2 of 8

<u>Description</u>	<u>Per SCE&amp;G</u>
<b>(A) <u>Operating Revenues</u></b>	
1 SCE&G proposes to annualize Revenues from Lateral transfers:	
a) Annualize Laterals transferred in May 2005	\$ 64,882
b) Adjust lateral customer revenue for tariff rates	493,040
	\$ 557,922
2 SCE&G proposes to annualize Revenues for approved revenue increase	\$ 9,406,491
3 SCE&G proposes to add Revenues for refunds related to a prior period	\$ 515,019
4 SCE&G proposes to add Revenues for a new Industrial contract	\$ 300,000
<b><u>Total Operating Revenues</u></b>	<b>\$ 10,779,432</b>
<b>(B) <u>Operating and Maintenance Expense</u></b>	
5 SCE&G proposes to annualize Wages and Benefits	\$ 445,353
6 SCE&G proposes to remove 50% of employee & officer bonuses	\$ (843,790)
7 SCE&G proposes to adjust Employee Benefits	
a) Annualize Pension Income	\$ 312,077
b) Annualize Other Post Employment Benefits	140,632
	\$ 452,709
8 SCE&G proposes to remove Employee Clubs	\$ (48,579)
9 SCE&G proposes to annualize ongoing expenses for pipeline integrity expenses	\$ 475,676
10 SCE&G proposes to add expenses related to LNG asset transfer	\$ 1,530,866
11 SCE&G proposes to remove rate case expenses for outside services for 2005 Gas Rate Case	\$ (749,294)
<b><u>Total Operating and Maintenance Expense</u></b>	<b>\$ 1,262,941</b>
<b>(C) <u>Depreciation and Amortization Expense</u></b>	
12 SCE&G proposes to adjust Amortization of Long Term Disability liability	\$ 79,101
13 SCE&G proposes to remove depreciation expense related to Employee Clubs	\$ (75,063)
14 SCE&G proposes to annualize the amortization of Manufactured Gas Plant remediation costs	\$ 238,130
15 SCE&G proposes to add depreciation reserve for CWIP Additions	\$ 9,599
16 SCE&G proposes to annualize depreciation rates	\$ 2,726,220
17 SCE&G proposes to make the following adjustments related to the retirement of the Propane Air Plants:	
a) remove depreciation related to retirement of the Propane Air assets	\$ (234,939)
b) add amortization of the regulatory asset resulting from Propane Air Plant retirements	446,094
	\$ 211,155
18 SCE&G proposes to add depreciation related to LNG asset transfer	\$ 580,416
19 SCE&G proposes to add depreciation for plant additions relating to new Industrial contract	\$ 3,596

South Carolina Electric & Gas Company  
Explanation of Accounting and Pro Forma Adjustments  
For the Test Year Ended March 31, 2006

Description	Per SCE&G
<u>Total Depreciation and Amortization Expense</u>	\$ 3,773,154
(D) <u>Taxes Other Than Income</u>	
20 SCE&G proposes to annualize Gross Receipts Tax on Revenues from Lateral transfers: a) Annualize Laterals transferred in May 2005 b) Adjust lateral customer revenue for tariff rates	\$ 342 2,598 <u>2,940</u>
21 SCE&G proposes to annualize payroll taxes for Wages and Benefits	\$ 31,640
22 SCE&G proposes to remove 50% of payroll taxes related to employee & officer bonuses	\$ (71,300)
23 SCE&G proposes to adjust Property Tax expense	\$ 1,533,328
24 SCE&G proposes to add Property Taxes related to LNG asset transfer	\$ 529,409
25 SCE&G proposes to annualize Gross Receipts tax on Revenues for approved revenue increase	\$ 49,572
26 SCE&G proposes to adjust Gross Receipts tax for Revenues added for refunds related to a prior period	\$ 2,714
27 SCE&G proposes to add property tax & gross receipts tax relating to new Industrial contract	\$ 10,028
<u>Total Taxes Other Than Income</u>	\$ 2,088,332
(E) <u>Income Taxes</u>	
<u>State Income Taxes:</u>	
28 SCE&G proposes to annualize state income taxes for Revenues from Lateral transfers: a) Annualize Laterals transferred in May 2005 b) Adjust lateral customer revenue for tariff rates	\$ 3,227 24,522 <u>27,749</u>
29 SCE&G proposes to annualize state income taxes for Wages and Benefits	\$ (23,850)
30 SCE&G proposes to remove 50% of state income taxes related to employee & officer bonuses	\$ 45,755
31 SCE&G proposes to adjust state income taxes for Annualized Employee Benefits: a) Annualize Pension Income b) Annualize Other Post Employment Benefits	\$ (15,804) (7,032) <u>(22,636)</u>
32 SCE&G proposes to adjust state income taxes for the Amortization of Long Term Disability liability	\$ (3,955)
33 SCE&G proposes to remove state income taxes for Employee Clubs	\$ 6,182
34 SCE&G proposes to annualize state income taxes for Manufactured Gas Plant remediation amortization	\$ (11,907)
35 SCE&G proposes to annualize state income taxes for pipeline integrity expenses	\$ (23,784)
36 SCE&G proposes to adjust state income taxes for depreciation on CWIP Additions	\$ (480)
37 SCE&G proposes to annualize state income taxes for depreciation rates as approved in order	\$ (136,311)

**South Carolina Electric & Gas Company**  
**Explanation of Accounting and Pro Forma Adjustments**  
**For the Test Year Ended March 31, 2006**

<u>Description</u>	<u>Per SCE&amp;G</u>
38 Company proposes to adjust state income taxes for Property Tax expense	\$ (76,666)
39 SCE&G proposes make the following adjustments related to the retirement of the Propane Air Plants:	\$ 11,747
a) adjust state income taxes for the removal of depreciation related to retirement of Propane Air assets	(22,305)
b) adjust state income taxes for the amortization of the regulatory asset for the unrecovered balance of Propane Air Plant assets	\$ (10,558)
40 SCE&G proposes to adjust state income taxes related to LNG assets to be transferred	\$ (132,035)
41 State Tax effect of annualized interest	(72,780)
42 SCE&G proposes to annualize state income taxes for Revenues for approved revenue increase	\$ 467,846
43 SCE&G proposes to adjust state income taxes for a revenue adj to remove refunds related to a prior period	\$ 25,615
44 SCE&G proposes to adjust state taxes associated with Gas Rate Case Expenses	\$ 37,465
45 SCE&G proposes to adjust state taxes associated with a new industrial contract	\$ 14,319
<b>Total State Income Taxes:</b>	<b>\$ 109,970</b>
<b><u>Federal Income Taxes</u></b>	
46 SCE&G proposes to annualize fed income taxes for Revenues from Lateral transfers:	\$ 21,460
a) Annualize Laterals transferred in May 2005	163,072
b) Adjust lateral customer revenue for tariff rates	184,532
47 SCE&G proposes to annualize fed income taxes for Wages and Benefits	\$ (158,800)
48 SCE&G proposes to remove 50% of fed income taxes related to employee & officer bonuses	\$ 304,267
49 SCE&G proposes to adjust fed income taxes for Annualized Employee Benefits:	\$ (103,766)
a) Annualize Pension Income	(46,760)
b) Annualize Other Post Employment Benefits	\$ (150,526)
50 SCE&G proposes to adjust fed income taxes for the Amortization of Long Term Disability liability	\$ (26,301)
51 SCE&G proposes to remove fed income taxes for Employee Clubs	\$ 41,111
52 SCE&G proposes to annualize fed income taxes for Manufactured Gas Plant remediation amortization	\$ (79,178)
53 SCE&G proposes to annualize fed income taxes for pipeline integrity expenses	\$ (158,162)
54 SCE&G proposes to adjust fed income taxes for depreciation on CWIP Additions	\$ (3,192)
55 SCE&G proposes to annualize fed income taxes for depreciation rates as approved in order	\$ (906,468)
56 Company proposes to adjust fed income taxes for Property Tax expense	\$ (509,832)
57 SCE&G proposes make the following adjustments related to the retirement of the Propane Air Plants:	\$ (70,209)
a) adjust fed income taxes for the removal of depreciation related to retirement of the Propane Air assets	

**South Carolina Electric & Gas Company  
Explanation of Accounting and Pro Forma Adjustments  
For the Test Year Ended March 31, 2006**

<u>Description</u>	<u>Per SCE&amp;G</u>
	\$ (878,030)
58 SCE&G proposes to adjust fed income taxes related to LNG asset transfer	(483,988)
59 Federal Tax effect of annualized interest	\$ 3,111,176
60 SCE&G proposes to annualize fed income taxes for Revenues for approved revenue increase	\$ 170,341
61 SCE&G proposes to adjust fed income taxes for a revenue adj to remove refunds related to a prior period	\$ 249,140
62 SCE&G proposes to adjust fed taxes associated with Gas Rate Case Expenses	\$ 95,220
63 SCE&G proposes to adjust fed taxes associated with a new industrial contract	\$ 731,301
<b><u>Total Federal Income Taxes:</u></b>	<b><u>\$ 841,271</u></b>
<b><u>Total Income Taxes</u></b>	
<b>(F) <u>Plant in Service</u></b>	
64 SCE&G proposes to remove Employee Clubs	\$ (513,115)
65 SCE&G proposes to recognize property retirements	\$ (133,947)
66 SCE&G proposes to increase plant in service for CWIP additions through April 2006	\$ 690,644
67 SCE&G proposes to remove Propane Air Plants	\$ (10,806,520)
68 SCE&G proposes to add LNG Assets	\$ 46,939,329
69 SCE&G proposes to add plant relating to New Industrial Contract	\$ 273,436
<b><u>Total Plant in Service</u></b>	<b><u>\$ 36,449,827</u></b>
<b>(G) <u>Accumulated Depreciation</u></b>	
70 SCE&G proposes to remove Employee Clubs	\$ (115,179)
71 SCE&G proposes to recognize property retirements	\$ (133,947)
72 SCE&G proposes to increase plant in service for CWIP additions through April 2006	\$ 9,599
73 SCE&G proposes to annualize depreciation	\$ 2,726,220
74 SCE&G proposes to remove Propane Air Plants	\$ (5,885,653)
75 SCE&G proposes to add accumulated depreciation for LNG Assets	\$ 30,028,219
76 SCE&G proposes to add depreciation for plant addition relating to New Industrial Contract	\$ 3,598
<b><u>Accumulated Depreciation</u></b>	<b><u>\$ 26,632,855</u></b>
<b>(H) <u>CWIP</u></b>	
77 SCE&G proposes to remove CWIP associated with Employee Clubs	\$ (3,919)

South Carolina Electric & Gas Company  
Explanation of Accounting and Pro Forma Adjustments  
For the Test Year Ended March 31, 2006

<u>Description</u>	<u>Per SCE&amp;G</u>
78 SCE&G proposes to decrease CWIP closed to Plant in Service through April 2006	\$ (628,069)
79 SCE&G proposes to remove CWIP relating to New Industrial Contract that has been moved to Plant In Service	\$ (162,951)
<u>Total CWIP</u>	\$ (794,939)
(I) <u>Deferred Debits/Credits</u>	
80 SCE&G proposes to annualize Other Post Employment Benefits	\$ (86,840)
<u>Total Deferred Debits/Credits</u>	\$ (86,840)
(J) <u>Regulatory Assets</u>	
81 SCE&G proposes to add regulatory asset for unrecovered balance associated with Propane Air Plant retirement	\$ 2,156,119
(K) <u>Materials &amp; Supplies</u>	
82 SCE&G proposes to remove inventory associated with Propane Air Plants	\$ (888,327)
83 SCE&G proposes to add inventory associated with LNG asset transfer	\$ 11,640,638
84 SCE&G proposes to add inventory associated with upstream assets	\$ 31,562,033
<u>Total Materials &amp; Supplies</u>	\$ 42,314,344
(L) <u>Working Capital</u>	
85 SCE&G proposes to adjust working cash	\$ 157,868
<u>Total Working Capital</u>	\$ 157,868



**South Carolina Electric & Gas Company  
Computation of Proposed Increase  
For the Test Year Ended March 31, 2006**

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Requested</u>
	(Col. 1)	(Col. 2)
1	Jurisdictional Rate Base	346,333,163
2	Required Rate of Return	<u>8.52%</u>
3	Required Return	29,507,585
4	Actual Return Earned	<u>18,343,145</u>
5	Required Increase to Return	11,164,440
6	Composite Tax Factor	<u>0.61425</u>
7	Required Revenue Increase	<u>18,175,727</u>
8	Proposed Revenue Increase	<u>18,175,727</u>
Additional Expenses		
9	Gross Receipts & PSC Support Tax @ .00527	95,786
10	State Income Tax @ 5%	903,997
11	Federal Income Tax @ 35%	<u>6,011,504</u>
12	Total Taxes	<u>7,011,288</u>
13	Additional Return	11,164,440
15	Total Additional Return	11,164,440
16	Earned Return	<u>18,343,145</u>
17	Total Return as Adjusted	29,507,585
18	Rate Base	346,333,163
19	Rate of Return	8.52%

South Carolina Electric & Gas Company  
Weighted Cost of Capital  
As of March 31, 2006

Description	Capital Structure	Ratio	Regulatory Per Books				As Adjusted				After Proposed Increase			
			Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 1,830,462,526	42.40%	\$ 124,120,082	8.41%	2.72%	\$ 7,968,097	\$ 146,828,410	8.41%	2.72%	\$ 9,411,701	\$ 146,828,410	8.41%	2.72%	\$ 9,411,701
Preferred Stock	114,920,650	2.68%	7,782,544	8.41%	0.17%	498,502	9,218,225	8.41%	0.17%	590,888	9,218,225	6.41%	0.17%	590,888
Common Equity	2,372,240,800	54.94%	160,857,013	4.40%	2.42%	7,073,812	190,286,528	4.38%	2.41%	8,340,556	190,286,528	10.25%	5.63%	19,504,998
<b>Totals</b>	<b>\$ 4,317,624,076</b>	<b>100.00%</b>	<b>\$ 282,759,639</b>		<b>5.30%</b>	<b>\$ 15,528,411</b>	<b>\$ 346,333,163</b>		<b>5.30%</b>	<b>\$ 18,343,145</b>	<b>\$ 346,333,163</b>		<b>8.52%</b>	<b>\$ 28,507,585</b>

**\$125,000,000**



**South Carolina Electric & Gas Company**  
**First Mortgage Bonds, 6.25% Series due July 1, 2036**

We are offering \$125 million aggregate principal amount of our First Mortgage Bonds, 6.25% Series due July 1, 2036, which we refer to herein as the New Bonds. We will pay interest on the New Bonds semiannually in arrears on January 1 and July 1 of each year, beginning January 1, 2007.

The New Bonds may be redeemed at our option, at any time in whole or from time to time in part, at a redemption price equal to 100% of the principal amount of the New Bonds being redeemed or such greater amount as calculated herein, together with accrued and unpaid interest to the redemption date. See “Terms of the New Bonds — Optional Redemption.”

We will not make application to list the New Bonds on any securities exchange or to include them in any automated quotation system.

**Investing in our New Bonds involves risks. See “Risk Factors” beginning on page S-2 and on page 2 of the accompanying prospectus.**

	<u>Per New Bond</u>	<u>Total</u>
Price to Public(1) .....	99.663%	\$124,578,750
Underwriting Discount .....	0.875%	\$ 1,093,750
Proceeds to SCE&G Before Expenses(1) .....	98.788%	\$123,485,000

(1) Plus accrued interest, if any, from June 27, 2006, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus supplement and the accompanying prospectus are truthful and complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the New Bonds in book-entry form only through The Depository Trust Company on or about June 27, 2006.

*Joint Book-Running Managers*

**Banc of America Securities LLC**

**UBS Investment Bank**

**Wachovia Securities**

*Co-Managers*

**BB&T Capital Markets**

**BNY Capital Markets, Inc**

June 20, 2006

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**You should rely only on the information contained in this document or to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.**

When this prospectus supplement uses the words “SCE&G,” “we,” “us,” and “our,” they refer to South Carolina Electric & Gas Company, unless otherwise expressly stated or the context otherwise requires.

Our mailing address is 1426 Main Street, Columbia, South Carolina 29201, and our telephone number is (803) 217-9000.

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at, and obtain copies of these documents by mail (at prescribed rates) from, the Public Reference section of the SEC, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Because we have preferred stock which is listed on The New York Stock Exchange, you may also read our filings at the Stock Exchange's offices at 20 Broad Street, New York, New York 10005.

This prospectus supplement does not repeat important information that you can find in our registration statement (File No. 333-108760) and in the reports and other documents which we file with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update and supersede some of this information. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2005, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, our Current Reports on Form 8-K filed February 10, 2006, March 17, 2006 and May 15, 2006 and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act until we sell all of the New Bonds.

We are not required to, and do not, provide annual reports to holders of our debt securities unless specifically requested by a holder.

You may request a copy of our SEC filings at no cost by writing or telephoning us at the following address or phone number, as the case may be:

H. John Winn, III  
Director — Investor Relations and Shareholder Services  
South Carolina Electric & Gas Company  
Columbia, South Carolina 29218  
(803) 217-9240

You may obtain more information by visiting SCANA Corporation's Internet web site at <http://www.scana.com> (which is not intended to be an active hyperlink). The information on SCANA Corporation's Internet web site is not incorporated by reference in this prospectus supplement or the accompanying prospectus, and you should not consider it part of this prospectus supplement or the accompanying prospectus.

## RATIO OF EARNINGS TO FIXED CHARGES

Our historical ratios of earnings to fixed charges are as follows:

Twelve Months Ended March 31, 2006	Year Ended December 31,				
	2005	2004	2003	2002	2001
3.14	2.10	3.15	3.01	3.13	3.37

For purposes of this ratio, earnings represent net income plus income taxes and fixed charges. Fixed charges represent interest charges and the estimated interest portion of annual rentals. The ratios for 2003 and earlier have been recalculated to reflect retrospective consolidation of South Carolina Generating Company, Inc. in accordance with Financial Accounting Standards Board Interpretation No. 46 (Revised 2003).

## RISK FACTORS

Investing in our New Bonds involves risks. See “Risk Factors” included in our most recent Annual Report on Form 10-K for the year ended December 31, 2005, within Item 1A, Risk Factors, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, and see page 2 of the accompanying prospectus. Each of the risks described could affect the value of your investment in the New Bonds.

## USE OF PROCEEDS

We expect to apply the net proceeds from the sale of the New Bonds, together with certain other funds, to retire our First and Refunding Mortgage Bonds, 9% Series due July 15, 2006 (the “Retired Bonds”). Pending such application, we expect to use such proceeds to temporarily reduce our outstanding short-term debt.

## TERMS OF THE NEW BONDS

We will issue the First Mortgage Bonds, 6.25% Series due July 1, 2036 (the “New Bonds”) under the Indenture dated as of April 1, 1993, as supplemented (the “Mortgage”), made between us and The Bank of New York, successor to NationsBank of Georgia, National Association, as trustee (the “Trustee”). The New Bonds will initially be limited to \$125,000,000 aggregate principal amount. We may, without the consent of the existing holders of the New Bonds, issue additional Bonds under the Mortgage having the same ranking and the same interest rate, maturity and other terms as the New Bonds. Any additional Bonds having similar terms, together with the New Bonds, will constitute a single series of bonds under the Mortgage. The following information concerning the New Bonds supplements and should be read in conjunction with the statements under “Description of the New Bonds” in the accompanying prospectus.

### Form

The New Bonds will be issued as one or more global bonds in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and will be available only in book-entry form. See “Book-Entry System” in the accompanying prospectus.

### Interest and Maturity

We will pay interest on the New Bonds from June 27, 2006, at the rate of 6.25% per year (based upon a 360-day year of twelve 30-day months), semiannually in arrears on January 1 and July 1 of each year commencing on January 1, 2007, to holders of record on the preceding December 15 and June 15, respectively. The New Bonds will mature July 1, 2036. The principal and interest are payable at the office or agency of SCE&G in Atlanta, Georgia (currently, the Trustee).

### Optional Redemption

The New Bonds are redeemable, in whole or in part, at any time and from time to time, at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the New Bonds being redeemed, or
- the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 15 basis points (.15%), as calculated by an Independent Investment Banker.

plus, in either of the above cases, accrued and unpaid interest thereon to the redemption date.

“Adjusted Treasury Rate” means, with respect to any redemption date:

- the yield, under the heading that represents the average for the week immediately preceding the calculation date, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week immediately preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Adjusted Treasury Rate shall be calculated on the third business day preceding the redemption date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the New Bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of those New Bonds (the “Remaining Life”).

“Comparable Treasury Price” means (1) the average of five Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by us.

“Reference Treasury Dealer” means:

- each of Banc of America Securities LLC and UBS Securities LLC, and their respective successors; provided that, if any of the foregoing ceases to be a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”), we will substitute another Primary Treasury Dealer; and
- three other Primary Treasury Dealers selected by us.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Unless we default in payment of the redemption price, interest will cease to accrue on and after the redemption date on the New Bonds or portions thereof called for redemption.

### **BASIS FOR ISSUANCE OF THE NEW BONDS**

We will issue the New Bonds upon the basis of \$125,000,000 of Class A Bonds held by the Trustee and designated by us as the basis for such issuance. After the issuance of the New Bonds, we will be able to issue approximately \$1,050,000,000 of additional Bonds on the basis of a like principal amount of Class A Bonds held by the Trustee and available for such purpose. See “Description of the New Bonds” in the accompanying prospectus. Based upon property additions certified to the Class A Trustee and other property eligible to be certified as property additions as of December 31, 2005, we have unfunded net property additions of approximately \$2,000,000,000, sufficient to permit the issuance of approximately \$1,400,000,000 of additional Class A Bonds on the basis thereof. Retirement credits under the Class A Mortgage in the amount of approximately \$180,000,000 will be available upon the payment of the Retired Bonds.

As set forth under “Description of the New Bonds-Security — General” in the accompanying prospectus, at such time as no Class A Bonds are outstanding under the Class A Mortgage, the Company may take steps to discharge the Class A Mortgage. Upon retirement of the Retired Bonds on July 15, 2006, no Class A Bonds will be outstanding other than those held by the Trustee, and the Company intends to begin the process by which the Class A Mortgage will be discharged. Upon the discharge of the Class A Mortgage, the Bonds will continue to be secured under the Mortgage.



## UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement, dated June 20, 2006, the underwriters named below have severally agreed to purchase, and we have agreed to sell to them, severally, the respective principal amount of New Bonds set forth opposite their names below:

<u>Underwriters</u>	<u>Principal Amount of New Bonds</u>
Banc of America Securities LLC .....	\$ 33,337,000
UBS Securities LLC .....	33,326,000
Wachovia Capital Markets, LLC .....	33,337,000
BB&T Capital Markets, a division of Scott & Stringfellow, Inc. ....	12,500,000
BNY Capital Markets, Inc. ....	<u>12,500,000</u>
Total .....	<u>\$125,000,000</u>

The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the New Bonds is subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all of the New Bonds if any are taken.

The underwriters initially propose to offer part of the New Bonds directly to the public at the public offering price set forth on the cover page of this prospectus supplement and part to certain dealers at a price that represents a concession not in excess of 0.500% of the principal amount of the New Bonds. Any underwriter may allow, and any such dealers may reallocate, a concession to certain other dealers not to exceed 0.300% of the principal amount of the New Bonds. After the initial offering of the New Bonds, the offering price and other selling terms may be changed by the underwriters.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, and to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

We estimate that our total expenses relating to the offering, not including the underwriting discount, will be approximately \$150,000.

We do not intend to apply for listing of the New Bonds on a national securities exchange or for their inclusion in any automated quotation system, but have been advised by the underwriters that they intend to make a market in the New Bonds. However, the underwriters are not obligated to do so and may discontinue their market making at any time without notice. No assurance can be given as to the liquidity or development of the trading market for the New Bonds.

In order to facilitate the offering of the New Bonds, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the New Bonds. Specifically, the underwriters may overallocate in connection with the offering, creating a short position in the New Bonds for their own account. In addition, to cover overallocations or to stabilize the price of the New Bonds, the underwriters may bid for, and purchase, the New Bonds in the open market. Finally, the underwriters may reclaim selling concessions allowed to an underwriter or a dealer for distributing the New Bonds in the offering, if they repurchase previously distributed New Bonds in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price for the New Bonds above independent market levels. The underwriters are not required to engage in these activities and may end any of these activities at any time without notice.

BNY Capital Markets, Inc. is an affiliate of The Bank of New York, our Trustee.

Each of the underwriters and certain of their respective affiliates have, from time to time, performed various investment or commercial banking and financial advisory services for us and our affiliates in the ordinary course of business for which they have received customary fees. Affiliates of the underwriters,

including the Trustee, are lenders or trustees under various of our and our affiliates' credit facilities and indentures.

Wachovia Securities is the trade name for the corporate and investment banking services of Wachovia Corporation and its subsidiaries, including Wachovia Capital Markets, LLC, member NYSE, NASD, SIPC.

We expect that delivery of the New Bonds will be made against payment therefor on or about June 27, 2006, which will be the fifth business day following the date hereof (this settlement date being referred to as "T+5"). Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to that trade expressly agree to otherwise. Accordingly, purchasers who wish to trade New Bonds on the date hereof or the next succeeding business day will be required, by virtue of the fact that the New Bonds initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

### **LEGAL MATTERS**

Certain legal matters in connection with the offering of the New Bonds will be passed on for SCE&G by McNair Law Firm, P.A., and Francis P. Mood, Jr., Esq., both of Columbia, South Carolina, and for the Underwriters by Troutman Sanders LLP, of Virginia Beach, Virginia, which also performs other legal services for us. Troutman Sanders LLP will rely as to all matters of South Carolina law upon the opinion of Francis P. Mood, Jr., Esq., our Senior Vice President and General Counsel.

The statements made under "Description of the New Bonds" in the accompanying prospectus, as to matters of law and legal conclusions, have been reviewed by Francis P. Mood, Jr., Esq., and such statements are made upon the authority of such counsel as an expert. At May 31, 2006, Francis P. Mood, Jr., Esq., owned beneficially 1,509 shares of SCANA Corporation's Common Stock.

### **EXPERTS**

The financial statements and the related financial statement schedule of SCE&G as of December 31, 2005 and 2004, and for each of the three years in the period ended December 31, 2005, incorporated in this prospectus supplement and the accompanying prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2005, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated by reference herein, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

*PROSPECTUS*



**\$700,000,000**

***South Carolina Electric & Gas Company***

*1426 Main Street  
Columbia, South Carolina 29201  
(803) 217-9000*

***FIRST MORTGAGE BONDS***

Investing in our First Mortgage Bonds, which we refer to herein as the New Bonds, involves risks. See "Risk Factors" on page 2 for information on certain factors you should consider before buying the New Bonds.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 17, 2003.

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf process, we may sell any or all of the New Bonds described in this prospectus in one or more offerings up to a total offering amount of \$700,000,000. This prospectus provides you with a general description of the New Bonds. Each time we sell New Bonds, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and the relevant prospectus supplement, together with the additional information described under the heading "Where You Can Find More Information."

We believe we have included all information material to investors but certain details that may be important to you have not been included. To see more detail, you should read the exhibits filed with the registration statement and the information incorporated by reference in this prospectus. All references in this prospectus to "SCE&G," "we," "us" and "our" are to South Carolina Electric & Gas Company and its subsidiary unless otherwise indicated.

## RISK FACTORS

Investing in the New Bonds involves risks that could affect us and our business as well as the energy industry generally. We have identified a number of these risk factors in our most recent Annual Report on Form 10-K for the year ended December 31, 2002, under the heading "Risk Factors" within Item 1, Business, which is incorporated by reference into this prospectus. Much of the financial and operational data and other business information contained in our risk factors is updated in our periodic reports, which are also incorporated by reference into this prospectus. Before purchasing our securities, you should carefully consider the risks discussed in our Annual Report on Form 10-K, any new or updated risk factors that may be contained in any of our periodic reports filed after the date of this prospectus, and any risk factors contained in any prospectus supplement. Each of the risks described could affect the value of your investment in the New Bonds.

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at, and obtain copies of these documents by mail (at prescribed rates) from, the Public Reference section of the SEC, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Because we have preferred stock which is listed on The New York Stock Exchange, you may also read our filings at the Stock Exchange's offices at 20 Broad Street, New York, New York 10005.

This prospectus does not repeat important information that you can find in the registration statement and in the reports and other documents which we file with the SEC under the Securities Exchange Act of 1934 (the "Exchange Act"). The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede some of this information. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2002, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003, our Current Reports on Form 8-K filed January 15, 2003, January 17, 2003, February 19, 2003, and May 16, 2003 and any future filing made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act until we sell all of the New Bonds. In addition, we are also incorporating by reference any additional documents that we file with the SEC pursuant to these sections of the Exchange Act after the date of the filing of the registration statement containing this prospectus and prior to the date of effectiveness of the registration statement.

We are not required to, and do not, provide annual reports to holders of our debt securities unless specifically requested by a holder.

You may request a copy of our SEC filings at no cost by writing or telephoning us at the following address or phone number, as the case may be:

H. John Winn, III  
Director — Investor Relations and Shareholder Services  
South Carolina Electric & Gas Company  
Columbia, South Carolina 29218  
(803) 217-9240

You may obtain more information by contacting SCANA's Internet website at <http://www.scana.com> (which is not intended to be an active hyperlink). The information on SCANA's Internet website is not incorporated by reference in this prospectus, and you should not consider it part of this prospectus.

You should rely on the information we incorporate by reference or provide in this prospectus or any prospectus supplement. We have not authorized anyone else to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents, because our business, financial condition, results of operations and prospects may have changed since that date.

## **SOUTH CAROLINA ELECTRIC & GAS COMPANY**

### **General**

We are a wholly-owned subsidiary of SCANA Corporation and a regulated public utility engaged in the generation, transmission, distribution and sale of electricity and the purchase and sale, primarily at retail, of natural gas in South Carolina. Our electric service area extends into 24 counties covering more than 15,000 square miles of the central, southern and southwestern portions of South Carolina. Our service area for natural gas encompasses all or part of 34 of South Carolina's 46 counties, and covers more than 22,000 square miles. The total population of the counties representing our combined service area in South Carolina is approximately 2.7 million.

We provide all of our electric generation capacity through our own facilities and maintain a balanced supply and demand position as it relates to electric generation. We have executed a contract with a third party for the portion of the generating capacity of a new Jasper County, South Carolina generating station currently under construction that we do not expect to be able to utilize immediately when that plant begins operations, which is scheduled for 2004.

We also operate and have a two-thirds interest in the V.C. Summer nuclear station in South Carolina. This station furnished approximately 21% of our electric generation capacity in 2002. In September 2002 we filed an application with the Nuclear Regulatory Commission ("NRC") to extend our license on the plant for an additional 20 years, until 2042. SCE&G expects the extension to be issued in mid-2004.

In 1999 the Federal Energy Regulatory Commission ("FERC") mandated that we reinforce our Lake Murray dam in order to comply with new federal safety standards and maintain the lake in case of an extreme earthquake. Construction for the project and related activities, which began in the third quarter of 2001, is expected to cost approximately \$275 million and be completed in 2005.

We are subject to the jurisdiction of the Public Service Commission of South Carolina ("PSC"). We maintain a generally constructive relationship with the PSC. We are allowed, subject to PSC approval during annual fuel and purchased gas cost hearings, full pass-through to retail customers of our electric fuel and natural gas costs. Such approval has historically been granted. There is also a weather normalization clause in effect for natural gas, which mitigates our commodity price risk and allows us to focus our efforts on serving our customers. The PSC approved an electric rate increase that went into effect in February 2003. The rate increase relates primarily to our expenditures for a recently completed generating station in Aiken County, South Carolina and for the Jasper County plant.

## Business Strategy

Our business plan is based on traditional utility operations. We have a straight-forward strategic plan that is focused on retail service to customers in South Carolina. We believe we can implement this strategy by:

- Maintaining excellent customer service. We have received several prominent customer satisfaction awards, including a number one ranking for overall customer satisfaction in a national survey of large electric customers released by TQS Research in August 2003 and a shared second place ranking for overall residential customer satisfaction among electric utilities in the 12-state southern region in a study released by J. D. Power and Associates in July 2003.
- Continuing our ability to provide cost-effective electric generation with the completion of our Jasper plant and obtaining a license extension for the V. C. Summer nuclear station.
- Maintaining a strong credit rating and capital structure.
- Developing our personnel by continued training. We conduct ongoing code of conduct and compliance training for all of our employees annually.

## RATIO OF EARNINGS TO FIXED CHARGES

Our historical ratios of earnings to fixed charges are as follows:

Twelve Months Ended June 30, 2003	Year Ended December 31,				
	2002	2001	2000	1999	1998
3.33	3.47	3.78	4.24	3.71	4.40

For purposes of this ratio, earnings represent net income plus income taxes and fixed charges. Fixed charges represent interest charges and the estimated interest portion of annual rentals.

## USE OF PROCEEDS

We will use the proceeds from the sale of the New Bonds to finance our construction program, to reduce short-term indebtedness incurred for such purpose, and for other general corporate purposes.

## DESCRIPTION OF THE NEW BONDS

### General

We will issue the New Bonds in one or more series under an Indenture, dated as of April 1, 1993, between us and The Bank of New York, successor to NationsBank of Georgia, National Association, as trustee (the "Trustee"), as supplemented (the "Mortgage"). The New Bonds and all other debt securities issued and outstanding under the Mortgage are referred to in this prospectus as the "Bonds." Capitalized terms used under this heading (other than under the caption "The Class A Mortgage") which are not otherwise defined in this prospectus have the meanings given those terms in the Mortgage. We have summarized selected provisions of the Mortgage below. The Mortgage is filed as an exhibit to the registration statement, and you should read the Mortgage for provisions that may be important to you. In the summary below, we have included references to section numbers of the Mortgage so that you can easily locate these provisions.

### Provisions of a Particular Series

The New Bonds of a series need not be issued at the same time, bear interest at the same rate or mature on the same date. Unless otherwise provided in the terms of a series, a series may be reopened, without notice to or consent of any holder of outstanding Bonds, for issuances of additional New Bonds of that series. Each prospectus supplement which accompanies this prospectus will set forth the following information to describe the

series of New Bonds related to that prospectus supplement, unless the information is the same as the information included in this section:

- the title of the series of New Bonds;
- the aggregate principal amount and any limit upon the aggregate principal amount of the series of New Bonds;
- the portion of the principal payable upon acceleration of maturity, if other than the entire principal amount;
- the date or dates on which the principal of the series of New Bonds will be payable, and any right that we have to change the date on which principal is payable;
- the rate or rates at which the series of New Bonds will bear interest, if any (or the method of calculating the rate);
- the date or dates from which the interest will accrue;
- the dates on which the interest will be payable (“Interest Payment Dates”);
- the record dates for the interest payable on the Interest Payment Dates;
- any payments due if the maturity of the New Bonds is accelerated;
- any option on our part to redeem the series of New Bonds and redemption terms and conditions;
- any obligation on our part to redeem or purchase the series of New Bonds in accordance with any sinking fund or analogous provisions or at the option of the holder and the relevant terms and conditions for that redemption or purchase;
- the denominations of the series of New Bonds;
- whether the series of New Bonds is subject to a book-entry system of transfers and payments; and
- any other particular terms of the series of New Bonds and of its offering.

#### **Payment of New Bonds; Transfers; Exchanges**

We will pay any interest which is due on each New Bond to the person in whose name that New Bond is registered as of the close of business on the record date relating to the Interest Payment Date. (Section 207) However, we will pay interest which is payable when the New Bonds mature (whether the New Bonds mature on their stated date of maturity, the date the New Bonds are redeemed or otherwise) to the person to whom the relevant principal payment on the New Bonds is to be paid.

We will pay principal of, and any premium and interest on, the New Bonds at our office or agency in Atlanta, Georgia (currently, the Trustee). The applicable prospectus supplement for any series of New Bonds will specify any other place of payment and any other paying agent. We may change the place at which the New Bonds will be payable, may appoint one or more additional paying agents (including us) and may remove any paying agent, all at our discretion. (Section 702)

You may transfer or exchange the New Bonds for other New Bonds of the same series, authorized denominations (which are, unless otherwise stated in the prospectus supplement, denominations of \$1,000 and any integral multiple thereof) and of like tenor and aggregate principal amount, at our office or agency in Atlanta, Georgia (currently, the Trustee). At our discretion, we may change the place for registration and transfer of the New Bonds, and we may appoint one or more additional security registrars (including us) and remove any security registrar. The prospectus supplement will identify any additional place for registration of transfer and any additional security registrar. You are not responsible for paying a service charge for any transfer or exchange of the New Bonds, but you may have to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of the New Bonds. (Sections 202 and 205)

For additional information with respect to the rights of the owners of beneficial interests in New Bonds subject to a book-entry system of transfers and payments, see "Book-Entry System."

## **Redemption**

The New Bonds are subject to redemption, as set forth in the relevant prospectus supplement, only upon notice by mail (unless waived) not less than 30 days prior to the redemption date. If less than all the New Bonds of a series are to be redeemed, the particular New Bonds to be redeemed will be selected by the method as shall be provided for any particular series, or in the absence of any such provision, by any method as the security registrar deems fair and appropriate. (Sections 409, 903 and 904)

We may, in any notice of redemption, make any redemption conditional upon receipt by the Trustee, on or prior to the date fixed for redemption, of money sufficient to pay the redemption price. If the Trustee has not received that money, we will not be required to redeem those New Bonds and we will then give notice to that effect. (Section 904)

## **Security**

### **General**

The New Bonds will be equally and ratably secured with all other Bonds issued under the Mortgage. The Bonds are secured by:

- a like principal amount of non-interest bearing first and refunding mortgage bonds (the "Class A Bonds," as more particularly described below), and
- the lien of the Mortgage on substantially all of our properties used in the generation, purchase, transmission, distribution and sale of electricity and any other property which we may elect to subject to the lien of the Mortgage on the Mortgaged Property.

The lien of the Mortgage is junior to the lien of our Indenture, dated as of January 1, 1945 (the "Class A Mortgage") to JPMorgan Chase Bank, successor to Central Hanover Bank and Trust Company, as trustee (the "Class A Trustee").

If we merge or are consolidated with another corporation and certain conditions set forth in the Mortgage are satisfied, then we may deliver to the Trustee bonds issued under an existing mortgage on the properties of such other corporation in lieu of or in addition to Class A Bonds. In that event, the Bonds will be secured, additionally, by such bonds (which would become Class A Bonds) and by the lien of the mortgage on the properties of such other corporation, subject to such existing mortgage, which lien would be junior to the liens of such existing mortgage (which would become a Class A Mortgage) and the Class A Mortgage. (Section 1206)

When no Class A Bonds are outstanding under a Class A Mortgage except for Class A Bonds held by the Trustee, then, subject to the satisfaction of certain conditions, the Trustee will surrender those Class A Bonds for cancellation and the related Class A Mortgage will be satisfied and discharged. In that event, the lien of such Class A Mortgage on our property will cease to exist and the Mortgage will constitute, subject to certain exceptions, a first mortgage lien on the property mortgaged thereby. (Section 1207)

### **Class A Bonds**

The Class A Bonds are issued under the Class A Mortgage, and delivered to the Trustee under the Mortgage. The Class A Bonds will be registered in the name of the Trustee and will be owned and held, subject to the provisions of the Mortgage, for the benefit of the holders of all of the Bonds outstanding from time to time. We will have no interest in the Class A Bonds designated as the basis for authentication and delivery of Bonds. (Section 1201)

The Trustee may not transfer any Class A Bonds which have been designated as the basis for the authentication and delivery of Bonds, except to a successor trustee. At the time any Bonds which have been



authenticated and delivered upon the basis of Class A Bonds are no longer outstanding, we may request the Trustee to surrender for cancellation an equal principal amount of such Class A Bonds. (Sections 1203 and 1204)

### *Lien of the Mortgage*

The properties subject to the lien of the Mortgage are also subject to the prior first mortgage lien of the Class A Mortgage. As discussed under the caption “Description of the New Bonds — The Class A Mortgage—Security” in this prospectus, the lien of the Class A Mortgage is a first mortgage lien, subject to certain exceptions, against the properties subject thereto. Until the Class A Mortgage is discharged, the Bonds have the benefit of the lien of the Class A Mortgage on the property mortgaged thereby, to the extent of the aggregate principal amount of Class A Bonds designated as the basis for the authentication and delivery of Bonds held by the Trustee. (Granting Clauses and Article Twelve)

The lien of the Mortgage is also subject to liens on after-acquired property existing at the time of acquisition and to various liens, including:

- tax liens, mechanics’, materialmen’s and similar liens and certain employees’ liens, in each case, which are not delinquent and which are being contested,
- certain judgment liens, easements, reservations and rights of others (including governmental entities) in, and defects of title to, the property subject to the lien of the Mortgage which do not materially impair its use by us,
- certain leases, and
- certain other liens and encumbrances. (Granting Clauses and Section 101)

The following, among other things, are excepted from the lien of the Mortgage:

- cash and securities not held under the Mortgage,
- contracts, leases and other agreements, bills, notes and other instruments, receivables, claims, certain intellectual property rights and other general intangibles,
- automotive and similar vehicles, movable equipment, and railroad, marine and flight equipment,
- all goods, stock in trade, wares and merchandise held for sale in the ordinary course of business,
- fuel (including nuclear fuel assemblies), materials, supplies and other personal property consumable in the operation of our business,
- portable equipment,
- furniture and furnishings, and computers, machinery and equipment used exclusively for corporate administrative or clerical purposes,
- electric energy, gas and other products generated, produced or purchased,
- substances mined, extracted or otherwise separated from the land and all rights thereto, leasehold interests, and
- with certain exceptions, all property which is located outside of the State of South Carolina or Columbia County, Georgia. (Granting Clauses)

The Mortgage contains provisions subjecting (with certain exceptions and limitations and subject to the prior lien of the Class A Mortgage) after-acquired electric utility property to the lien of the Mortgage. (Granting Clauses)

The Mortgage provides that the Trustee has a lien upon the property subject to the lien of the Mortgage, for the payment of its compensation and expenses. This Trustee’s lien is prior to the lien on behalf of the holders of the Bonds. (Section 1607)

## **Issuance of Bonds**

The maximum principal amount of Bonds which we may issue under the Mortgage is unlimited. (Section 201) We may issue Bonds of any series from time to time on the basis of, and in an aggregate principal amount not exceeding the sum of:

- the aggregate principal amount of Class A Bonds issued and delivered to the Trustee and designated by us as the basis for such issuance,
- 70% of the amount of Unfunded Net Property Additions (generally defined as Property Additions (net of retirements) which have not been made or deemed to have been made the basis of the authentication and delivery of Bonds or used for other purposes under the Mortgage),
- the aggregate principal amount of retired Bonds, and
- cash deposited with the Trustee. (Sections 101, 104 and 302 and Articles Four, Five and Six)

Property Additions are generally defined to include any Property subject to the lien of the Mortgage (the "Mortgaged Property") which we may elect to designate as such, except (with certain exceptions) goodwill, going concern value rights, intangible property or any property the cost of acquisition or construction of which is properly chargeable to an operating expense account. (Section 104)

Because the Mortgaged Property is subject to the lien of the Class A Mortgage, the New Bonds are issued on the basis of Class A Bonds. The amount of Bonds we may issue on that basis will be limited by the amount of Class A Bonds which may be issued from time to time. See "The Class A Mortgage — Issuance of Additional Bonds."

With certain exceptions in the case of Bonds issued on the basis of Class A Bonds and retired Bonds as described above, we can issue Bonds only if our Adjusted Net Earnings for 12 consecutive months within the preceding 18 months is at least twice the Annual Interest Requirements on:

- all Bonds at the time outstanding,
- the Bonds then applied for, and
- all outstanding Class A Bonds other than Class A Bonds held by the Trustee under the Mortgage. (Sections 103, 301, 302 and 501)

## **Release of Property**

We may obtain the release of property from the lien of the Mortgage either upon the basis of an equal amount of Unfunded Net Property Additions or upon the basis of the deposit of cash or a credit for retired Bonds. We may also obtain the release of property upon the basis of the release of the property from the lien of the Class A Mortgage. (Article Ten)

## **Withdrawal of Cash**

We may withdraw cash deposited as the basis for the issuance of Bonds and cash representing payments in respect of Class A Bonds designated as the basis for the issuance of Bonds upon the basis of (1) Unfunded Net Property Additions in an amount equal to ten-sevenths of such cash, (2) an equal amount of retired Bonds or (3) an equal amount of Class A Bonds not then designated as the basis for the issuance of Bonds or the withdrawal of cash. (Sections 601 and 1202) In addition, we may withdraw cash upon the basis of (a) an equal amount of Unfunded Net Property Additions, or (b) ten-sevenths of the amount of retired Bonds, or may apply such cash to (y) the purchase of Bonds (at prices not exceeding ten-sevenths of the principal amount thereof) or (z) the redemption or payment at stated maturity of Bonds. (Sections 601 and 1005)

## **Modification of Mortgage**

Except for modifications which will not have a material adverse effect upon the interests of the Holders of the Bonds, the holders of a majority in aggregate principal amount of the Outstanding Bonds (or if only certain

series would be affected, the Outstanding Bonds of that series) must consent to amend the Mortgage. (Section 1701) However, no amendment may, without the consent of the holder of each outstanding Bond directly affected by the amendment, among other things (1) change the Stated Maturity of the principal of, or any installment of principal of or interest on that Bond, or reduce the principal amount, or the rate of interest on that Bond, or change the method of calculating the interest rate, or reduce any premium payable on that Bond, or impair any right to enforce payment on that Bond, or (2) permit the creation of a lien prior to the lien of the Mortgage on substantially all of the Mortgaged Property or otherwise deprive those holders of the security of the lien of the Mortgage or (3) reduce the percentage in principal amount of Bonds, the consent of whose Holders is required for any supplemental indenture or any waiver. (Section 1702)

### **Events of Default**

Each of the following events is an Event of Default under the Mortgage:

- We fail to make payments of principal or premium within three business days, or interest within 60 days, after the due date,
- We fail to perform or breach any other covenant or warranty for a period of 90 days after notice,
- We file for bankruptcy or certain other events involving insolvency, receivership or bankruptcy occur, or
- We default under any Class A Mortgage. (Section 1101)

If an Event of Default occurs and is continuing, either the Trustee or the Holders of 25% in principal amount of the Outstanding Bonds may declare the principal amount of all of the Outstanding Bonds to be immediately due and payable. After the declaration of acceleration has been made, but before the sale of any of the Mortgaged Property and before the Trustee has obtained a judgment or decree for payment of money, the Event of Default giving rise to such declaration of acceleration will be deemed to be waived, and such declaration and its consequences will be rescinded and annulled, if we (a) pay to the Trustee all overdue interest, principal and any premium on any Outstanding Bonds and (b) cure any other such Event of Default. (Sections 1102 and 1117)

The Holders of a majority in principal amount of the Outstanding Bonds may direct the time, method and place of conducting any proceeding for the enforcement of the Mortgage available to the Trustee or exercising any trust or power conferred on the Trustee. No Holder of any Bond has the right to institute any proceeding with respect to the Mortgage, or for the appointment of a receiver or for any other remedy thereunder, unless:

- that Holder previously gave written notice of a continuing Event of Default to the Trustee,
- the Holders of a majority in principal amount of Outstanding Bonds have offered to the Trustee reasonable indemnity against costs and liabilities and requested that the Trustee take action,
- the Trustee declined to take action for 60 days, and
- the Holders of a majority in principal amount of Outstanding Bonds have given no inconsistent direction during such 60-day period;

provided, however, that each Holder of a Bond has the right to enforce payment of that Bond when due. (Sections 1111, 1112 and 1116)

In addition to the rights and remedies provided in the Mortgage, the Trustee may exercise any right or remedy available to the Trustee in its capacity as the owner and holder of Class A Bonds which arises as a result of a default under the Class A Mortgage. (Section 1119)

### **Evidence of Compliance and Indemnification of Trustee**

The Trust Indenture Act requires that we give the Trustee, at least annually, a brief statement as to our compliance with the conditions and covenants under the Mortgage. (Article Eight)

The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Mortgage at the request or direction of any Holder pursuant to the Mortgage, unless such Holder shall have offered to the

Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. (Section 1603)

## **The Class A Mortgage**

### **General**

Capitalized terms used under this caption which are not otherwise defined in this prospectus have the meanings ascribed to those terms in the Class A Mortgage. The summaries under this caption are not detailed. Whenever particular provisions of the Class A Mortgage or terms defined in the Class A Mortgage are referred to in this caption, those provisions or definitions are qualified by reference to the Class A Mortgage. References to article and section numbers in this caption, unless otherwise indicated, are references to article and section numbers of the Class A Mortgage. A copy of the Class A Mortgage is included as an exhibit to the registration statement of which this prospectus is a part.

### **Security**

The Class A Bonds are secured, equally and ratably with all other bonds issued and outstanding under the Class A Mortgage, by a direct lien on substantially all of our fixed property and franchises used or useful in our public utility businesses (except cash, securities, contracts and accounts receivable, materials and supplies, natural gas, oil, certain minerals and mineral rights and certain other assets) now owned by us. The lien of the Class A Mortgage is a first lien except that it is subject to (1) certain excepted encumbrances and (2) the fact that titles to certain properties are subject to reservations and encumbrances such as are customarily encountered in the public utility business and which do not materially interfere with their use. The Class A Mortgage contains provisions that allow us to subject (with certain exceptions and limitations) after-acquired property to the lien thereof. (Granting Clauses)

The Class A Mortgage prohibits us from acquiring property subject to prior liens if, following the acquisition, prior lien bonds would exceed 15% of the aggregate of outstanding bonds under the Class A Mortgage unless the principal amount of indebtedness secured by such prior liens does not exceed 70% of the cost of such property to us and unless, in certain cases, the net earnings of such property meet certain tests. (Section 7.05 and Fifty-third Supplemental Section 2.02)

The Class A Trustee has a lien upon the property subject to the lien of the Class A Mortgage for payment of its reasonable compensation and expenses and for indemnification against certain liabilities. This lien is prior to the lien on behalf of the holders of bonds secured by the Class A Mortgage. (Section 16.10)

### **Issuance of Additional Bonds**

The principal amount of bonds which may be secured by the Class A Mortgage is currently limited to \$5,000,000,000 and may be increased by a supplemental indenture or indentures without the consent of bondholders or stockholders. (Section 2.01 and Fifty-third Supplemental Section 1.04) Additional bonds secured by the Class A Mortgage may from time to time be issued on the basis of:

- 70% of unfunded net property additions,
- the deposit of cash, or
- the retirement of bonds issued under the Class A Mortgage. (Articles Four, Five and Six, Fifty-third Supplemental Section 2.02)

With certain exceptions in the case of bonds issued under the Class A Mortgage on the basis of the retirement of bonds issued under the Class A Mortgage, we can issue bonds under the Class A Mortgage only if net earnings for 12 consecutive months out of the preceding 18 months are at least twice the annual interest requirements on all bonds issued under the Class A Mortgage to be outstanding and all prior lien bonds. (Section 103 and Articles Four, Five and Six, Fifty-third Supplemental Section 2.02)

We may withdraw, or apply to the purchase or redemption of bonds issued under the Class A Mortgage, cash deposited with the Class A Trustee as the basis for the issuance of bonds under the Class A Mortgage in an amount equal to the principal amount of bonds which we are then entitled to have authenticated and delivered under the Class A Mortgage. (Section 1.03 and Articles Four, Five and Six) Based upon property additions certified to the Class A Trustee as of October 31, 2002 (the last date of certification of property additions under the Class A Mortgage), we have unfunded net property additions of approximately \$454 million, sufficient to permit the issuance of approximately \$318 million of additional Class A Bonds on the basis thereof. Retirement credits in the amount of \$163.7 million were available at June 30, 2003.

### **Sinking Fund**

The Class A Mortgage requires us to deposit, on or before June 1 in each year, with the Class A Trustee as a “sinking fund requirement” an amount equal to 1% of the aggregate principal amount of bonds heretofore issued under the Class A Mortgage (other than bonds authenticated under the Class A Mortgage on the basis of retirements of other bonds and certain retired bonds). We may pay the sinking fund requirement in cash or bonds. In addition, we may satisfy a portion of the sinking fund requirement by certifying to the Class A Trustee unfunded net property additions in an amount equal to ten-sevenths of the portion of the sinking fund requirement being satisfied. Any cash deposited may be applied to the purchase or redemption of bonds of any series issued under the Class A Mortgage or may be withdrawn by us against deposit of bonds issued under the Class A Mortgage. (Section 2.12, Second Supplemental Section 2, Third through Fifth, Seventh through Eleventh, Thirteenth through Fifty-third Supplementals Section 1.03 and Sixth and Twelfth Supplementals Section 2.03)

### **Events of Default; Concerning the Trustee**

The following are defaults under the Class A Mortgage:

- We fail to make payments of principal or interest on any bond issued and outstanding under the Class A Mortgage when due,
- We fail to make any sinking fund or purchase fund payment required under the Class A Mortgage when due,
- We file for bankruptcy or certain other events involving insolvency, receivership or bankruptcy occur, and
- We fail to perform certain covenants or agreements under the Class A Mortgage.

Certain of these events become defaults only after the lapse of prescribed periods of time and/or notice from the Class A Trustee. (Section 11.01) The Trust Indenture Act, with which we have covenanted to abide, requires us to furnish the Class A Trustee with periodic evidence as to the absence of defaults and as to compliance with the terms of the Class A Mortgage. (Section 18.03)

Upon the occurrence of a default under the Class A Mortgage, either the Class A Trustee or the holders of not less than 20% in principal amount of bonds outstanding under the Class A Mortgage may declare the principal of all bonds outstanding under the Class A Mortgage immediately due and payable. However, if the default is cured, the holders of a majority in principal amount of bonds outstanding under the Class A Mortgage may rescind that declaration and waive the default and its consequences. (Section 11.05)

The holders of a majority in principal amount of bonds outstanding under the Class A Mortgage may direct the time, method and place of conducting any proceeding for the enforcement of the Class A Mortgage. (Section 11.12) No holder of any bond outstanding under the Class A Mortgage has the right to institute any proceeding with respect to the Class A Mortgage unless:

- the holder previously gave written notice of a default to the Class A Trustee,
- the holders of not less than 20% in principal amount of bonds outstanding under the Class A Mortgage have offered to the Class A Trustee reasonable indemnity against costs and liabilities and requested the Class A Trustee to take action,
- the Class A Trustee declined to take action for 60 days, and

- the holders of a majority in principal amount of bonds outstanding under the Class A Mortgage have given no inconsistent direction;

provided, however, that each holder of a bond outstanding under the Class A Mortgage shall have the right to enforce payment of that bond when due. (Section 11.14)

### **Miscellaneous**

Subject to certain exceptions and limitations contained in the Class A Mortgage, property subject to the lien of that mortgage may be released only upon the substitution of cash, divisional bonds, bonds authenticated under the Class A Mortgage or certain other property. (Article Ten) Amendments of the Class A Mortgage require the consent of the holders of 66⅔% in principal amount of bonds outstanding under the Class A Mortgage; provided, the bondholders shall have no power:

- to extend the fixed maturity, or reduce the rate or extend the time of payment of interest on any bonds, or reduce the principal amount of any bonds, or change provisions relating to the sinking fund or the redemption provisions of any series of bonds outstanding under the Class A Mortgage, without the express consent of the holder of each bond which would be affected,
- to reduce the percentages of holders whose consent is required to enter into any supplemental indenture, without the consent of the holders of all bonds outstanding under the Class A Mortgage,
- to permit the creation by us of any mortgage or pledge or lien in the nature thereof, ranking prior to or equal with the lien of the Class A Mortgage on any of the mortgaged property, or
- to deprive the holder of any bond outstanding under the Class A Mortgage of the lien of the Class A Mortgage on any of the mortgaged property. (Fifty-third Supplemental Section 2.01)

The Class A Trustee will be under no obligation to exercise any of the trusts or powers of the Class A Mortgage at the request, order or direction of any of the holders of the bonds outstanding under the Class A Mortgage, pursuant to the provisions of the Class A Mortgage, unless each such holder shall have offered to the Class A Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby. (Section 16.06)

### **Amendment of the Class A Mortgage by Vote of Trustee**

The Mortgage provides that, if we request the holders of the Class A Bonds to eliminate the sinking fund provisions of the Mortgage, the Trustee, as such a holder, will vote to amend the Class A Mortgage to eliminate the sinking fund provisions accordingly. The Company intends to request the Trustee to do so at such time as the Trustee is the sole holder of the Class A Bonds. (Section 1205, Fifty-third Supplemental)

With respect to any other amendments to the Class A Mortgage, the Trustee will vote proportionately with what it reasonably believes will be the vote of the holders of all other Class A Bonds. However, if the proposed amendment of the Mortgage is an amendment or modification described under the caption “Modification of Mortgage” that requires the prior consent of a majority in aggregate principal amount of the Outstanding Bonds (or if only certain series would be affected, the Outstanding Bonds of such series), then the Trustee will not vote in favor of that amendment unless the consent requirement has already been met. (Section 1205)

## **BOOK-ENTRY SYSTEM**

If provided in the prospectus supplement, except under the circumstances described below, we will issue the New Bonds in the form of one or more global Bonds (each a “Global Bond”), each of which will represent beneficial interests in the New Bonds. Each such beneficial interest in a Global Bond is called a “Book-Entry Bond” in this prospectus. We will deposit those Global Bonds with, or on behalf of, The Depository Trust Company, New York, New York (“DTC”), or another depository as we may subsequently designate (the “Depository”) relating to the New Bonds, and register them in the name of a nominee of the Depository.

So long as the Depository, or its nominee, is the registered owner of a Global Bond, the Depository or its nominee, as the case may be, will be considered the owner of that Global Bond for all purposes under the Mortgage. We will make payments of principal of, any premium and interest on the Global Bond to the Depository or its nominee, as the case may be, as the registered owner of that Global Bond. Except as set forth below, owners of a beneficial interest in a Global Bond will not be entitled to have any individual New Bonds registered in their names, will not receive or be entitled to receive physical delivery of any New Bonds and will not be considered the owners of New Bonds under the Mortgage.

Accordingly, to exercise any of the rights of the registered owners of the New Bonds, each person holding a beneficial interest in a Global Bond must rely on the procedures of the Depository. If that person is not a Direct Participant (hereinafter defined), then that person must also rely on procedures of the Direct Participant through which that person holds its interest.

## DTC

The following information concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but neither we nor any underwriter, dealer or agent take any responsibility for the accuracy of that information.

DTC will act as the initial securities depository for the Global Bonds. The Global Bonds will be issued only as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered New Bond certificate will be issued for each series of the New Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC. If, however, the aggregate principal amount of any series exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such series.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over two million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the New Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the New Bonds on DTC's records. The ownership interest of each actual purchaser of each New Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the

transaction. Transfers of ownership interests in the New Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the New Bonds, except in the event that use of the book-entry system for the New Bonds is discontinued.

To facilitate subsequent transfers, all New Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of New Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the New Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such New Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners may wish to take certain steps to augment transmission to them of notices of significant events with respect to the New Bonds, such as redemptions, tenders, defaults and proposed amendments to the New Bond documents. Beneficial Owners may wish to ascertain that the nominee holding the New Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the New Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to the New Bonds, unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the New Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the New Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from us or the Trustee, on the relevant payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is our responsibility or that of the Trustee. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its New Bonds purchased or tendered by us, through its Participant, to the Trustee and shall effect delivery of such Book-Entry Bonds by causing the Direct Participant to transfer the Participant's interest in the Global Bonds representing such New Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of New Bonds in connection with a demand for repayment will be deemed satisfied when the ownership rights in the Global Bonds representing such New Bonds are transferred by Direct Participants on DTC's records and followed by a credit of tendered New Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as securities depository with respect to the New Bonds at any time by giving reasonable notice to us or the Trustee. Under such circumstances, in the event that a successor



securities depository is not obtained, New Bonds in certificated form are required to be printed and delivered. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depository. In that event, New Bonds in certificated form will be printed and delivered.

Neither we nor the Trustee will have any responsibility or obligation to the Depository, any Participant in the book-entry system or any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any Participant; (2) the payment by DTC or by any Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal amount or purchase price or redemption price of, or interest on, any New Bonds; (3) the delivery of any notice by DTC or any participant; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the New Bonds; or (5) any other action taken by DTC or any Participant.

## **PLAN OF DISTRIBUTION**

We may offer the New Bonds in any of three ways:

- through underwriters or dealers,
- directly to a limited number of purchasers or to a single purchaser, or
- through agents.

Each prospectus supplement will set forth:

- the terms of the offering of the New Bonds,
- the proceeds to us,
- any underwriting discounts and other items constituting underwriters' compensation, and
- any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers.

From time to time, we may change any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers.

### **By Underwriters**

If underwriters are used in the sale, the New Bonds being sold will be acquired by them for their own account and they may resell the New Bonds from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may offer the New Bonds to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. The applicable prospectus supplement will name any underwriter involved in a sale of New Bonds and the amount of New Bonds underwritten by such underwriter and the cover page will state the name of the managing underwriter. Any underwriting agreement will provide that the obligations of the underwriters are subject to certain conditions precedent, and that the underwriters will be obligated to purchase all of the New Bonds to which that underwriting agreement relates if any are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters or dealers may be changed from time to time.

**We will agree to indemnify the underwriters against some liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make because of any of those liabilities. Specifically, the underwriting agreement will provide that we will indemnify the underwriters for losses, claims, liabilities, expenses or damages arising out of or based on untrue statements of a material fact contained in this prospectus or the registration statement of which the prospectus is a part (or any amendment hereto or thereto) or in any document filed under the Exchange Act and deemed to be incorporated by reference herein, or omissions to state material facts required to be stated herein or therein in order to make the statements contained herein or therein not misleading, with certain exceptions.**

## **Direct Sales**

We may also sell the New Bonds directly. In this case, no underwriters or agents would be involved.

## **By Agents**

We may sell the New Bonds directly or through agents designated by us from time to time. In the applicable prospectus supplement, we will state the name of any agent involved in the offer or sale of the New Bonds as well as any commissions payable by us to such agent. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

## **EXPERTS**

The consolidated financial statements and related financial statement schedule incorporated in this prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2002 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report which is incorporated herein by reference (which report expresses an unqualified opinion and includes an explanatory paragraph referring to a change in our method of accounting for operating revenues effective January 1, 2000), and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

## **LEGAL OPINIONS**

McNair Law Firm, P.A., of Columbia, South Carolina, and H. Thomas Arthur, Esq., our Senior Vice President and General Counsel, will pass upon the validity of the New Bonds for us. Troutman Sanders LLP, of Richmond, Virginia, will serve as counsel to any underwriters. Troutman Sanders LLP will rely as to all matters of South Carolina law upon the opinion of H. Thomas Arthur, Esq.

The statements made under "Description of the New Bonds" above, as to matters of law and legal conclusions, have been reviewed by H. Thomas Arthur, Esq., our Senior Vice President and General Counsel, and such statements are made upon the authority of such counsel as an expert. At July 31, 2003, H. Thomas Arthur, Esq., owned beneficially 16,434 (and options to purchase 70,930), shares of SCANA's Common Stock, including shares acquired by the trustee under its Stock Purchase-Savings Program by use of contributions made by Mr. Arthur and earnings thereon and including shares purchased by the trustee by use of SCANA contributions and earnings thereon.

## SOUTH CAROLINA ELECTRIC & GAS COMPANY

Reports listed below were previously filed as hard copies and are now available on SCANA's External Website.  
Hard copies may be obtained upon request.

Report Name	Internet Address
SCANA Corporation Annual Report	<a href="http://www.scana.com/en/investor-relations/financial-reports/">www.scana.com/en/investor-relations/financial-reports/</a>
SCANA Proxy Statement	<a href="http://www.scana.com/en/investor-relations/financial-reports/">www.scana.com/en/investor-relations/financial-reports/</a>
SCANA Statistical Supplement to Annual Report	<a href="http://www.scana.com/en/investor-relations/financial-reports/">www.scana.com/en/investor-relations/financial-reports/</a>
SCANA/SCE&G FORM 8-K	<a href="http://www.scana.com/en/investor-relations/financial-reports/">www.scana.com/en/investor-relations/financial-reports/</a>
SCANA/SCE&G FORM 10-K	<a href="http://www.scana.com/en/investor-relations/financial-reports/">www.scana.com/en/investor-relations/financial-reports/</a>
SCANA/SCE&G FORM 10-Q	<a href="http://www.scana.com/en/investor-relations/financial-reports/">www.scana.com/en/investor-relations/financial-reports/</a>
SCE&G Prospectus Supplement	See attached.
PSNC Energy Financial Statements	<a href="http://www.pscenergy.com/en/financial-statements/">www.pscenergy.com/en/financial-statements/</a>